11th Quarterly Report

Progress on Year 2000 Conversion

U.S. Office of Management and Budget

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EXECUTIVE SUMMARY

In May 1997, when the Federal government first discussed Federal government systems that were Year 2000 compliant, only 21 percent of the government's more than 6,000 mission critical systems were ready for the date change. Over the next three years, under the supervision of the Office of Management and Budget, the major cabinet departments and other agencies have worked long and hard to make enormous progress.

Today, in its last official quarterly report of the year, OMB reports that the mission critical systems of the Federal Government are 99.9 percent compliant. Six thousand, one hundred and sixty-seven mission critical systems are fixed, tested, and certified for the date change. The eight remaining mission critical systems that are not yet compliant primarily provide internal administrative support in federal offices. The next two weeks can and should provide time to make further significant progress.

Y2K has posed probably the single largest technology management challenge in history. Because of the work of the past three years, the Federal government is ready to meet the challenges of implementing the date change to the year 2000.

Work Done

- Agencies have completed work on 6,167 of 6,175 (99.9 percent) of their mission critical systems. The 8 remaining systems are scheduled to be finished in December.
- Agencies have completed work on over 97 percent of non-mission critical systems and most expect the remaining systems to be compliant in December.
- Agencies have worked with their counterparts in State and local governments to assure the delivery of 43 programs that directly affect people (such as student aid, disaster relief, and Medicare). As of this report, 30 of these programs are tested and ready. Ten of the programs that are not yet fully compliant, are delivered by the States, and while the vast majority of States have completed work, a few have not (see Table 3). The last three programs involve the state and international governments, the private sector, and other non-federal entities which still need to do additional work.
- Agencies have fixed 283 of 284 data exchanges (99.6 percent) with the States to enable States to administer Federal programs such as unemployment insurance and child support enforcement. Agencies have fixed the vast majority of data exchanges with the private sector, such as banks and other financial institutions, other Federal agencies, and other government entities.
- The air traffic control system is ready. The Federal Aviation Administration finished work on the majority of its systems in June 1999, including remediation, testing, and implementation. Since then, the FAA has undertaken additional testing in order to provide added assurance.
- Agencies have verified that all biomedical devices and laboratory equipment used by Federal agencies are ready.
- Agencies have verified the Y2K readiness of the majority of Federally owned or managed buildings and the majority of privately owned government-leased buildings.

- Agencies have verified the readiness of the vast majority of telecommunications systems and networks across the Federal government.
- Of 49 small and independent agencies, 40 have fully compliant mission-critical systems.
- Federal agencies now estimate they will spend a total of $8.38 billion on the Y2K problem from FY 1996 when OMB began supervising agency on this issue through FY 2000. This total is only a 0.4 percent increase from last quarter.
- Agencies have developed sound business continuity and contingency plans (BCCPs) and day one plans and are testing and refining them.

Work to Do

With only weeks to go, the Federal government continues to enhance its readiness. Agencies are refining and testing their business continuity and contingency plans (BCCPs) and their day one plans. Even if all systems are fixed, tested, and implemented, there is still a possibility that problems will occur, or that problems with external parties on which an agency relies, such as State and local governments, service providers, or contractors, could affect an agency's operations. They are also checking with manufacturers to see if any last-minute Y2K issues have arisen with respect to commercial products and are applying any necessary patches. Agencies are also completing work on any non-mission critical systems that are not yet compliant.

Two Departments B the Department of Justice and the Department of Defense B have two and six mission critical systems, respectively, that are not yet compliant. All eight systems are scheduled to be completed in December and the Departments have BCCPs in place for these systems. These systems are primarily administrative in nature and do not affect the national security or law enforcement missions of these agencies.

Even with all of these intensive planning efforts of the Federal government, there will undoubtedly be some Y2K problems that emerge, but the sound planning on the part of agencies will facilitate any post-Y2K fixes that may be necessary. The Federal government is well prepared because tens of thousands of Federal employees along with contractors have dedicated themselves to resolution of the Y2K problem. Many employees came back from retirement to work on older systems, while others worked long hours and skipped vacations to meet tight deadlines. Many will also forgo the New Year's holiday to make sure Federal systems and programs work smoothly into the New Year. The Administration is grateful for their dedicated efforts. The Federal government's progress is also due in part to the cooperative efforts of the Congress and the Administration to ensure adequate funding for Y2K fixes, through both the establishment of the Y2K emergency reserve fund and through reprogramming of funds within agencies. The Administration is grateful for these efforts as well.

At the same time that the Federal government has worked very hard on the Y2K problem, we have encouraged the private sector and state and local governments to adopt their own rigorous efforts to increase their rate of compliant systems. With two weeks left, there are still some areas of the private sector (especially small business) and local governments where there is work to be done. Again, we encourage these entities, to use the time remaining this year to make every additional effort to be prepared for the date change.

I. INTRODUCTION

This report is the eleventh in a series of quarterly reports to Congress. It is the last report before the arrival of the year 2000 and it provides a synopsis of the Federal agencies' overall readiness for the century date change. This report is based on data received from the 24 large agencies that comprise the Chief Information Officers (CIO) Council [1] and from 48 small and independent Federal agencies. Summary information about each agency's overall Y2K readiness is provided in Section II (large agencies) and Section III (small and independent agencies). This information shows that the vast majority of all agencies are ready. Agencies have:

- Completed work on 99.9 percent of their mission critical systems and on 97 percent of their non-mission critical systems.
- Completed work on upwards of 90 percent of their data exchanges, their telecommunications systems and networks, and their buildings' systems.
- Worked with their key partners to ensure the readiness of high impact programs and to test their readiness.
- Developed sound business continuity and contingency plans (BCCPs) and day one plans, which they continue to refine.

Over the last several years, tens of thousands of Federal employees, as well as contractors, have dedicated themselves to resolution of the Y2K problem. Many employees came back from retirement to work on older systems, while others worked long hours and skipped vacations to meet tight deadlines. Many will also forgo the New Year's holiday to make sure Federal systems and programs work smoothly into the New Year. The Administration is grateful for their dedicated efforts.

The Federal government's progress is also due in part to the cooperative efforts of the Congress and the Administration to ensure that adequate funding would be available to make Y2K fixes, through both the establishment of the Y2K emergency reserve fund and through reprogramming of funds within agencies. Agencies now estimate they will spend $8.38 billion fixing the problem from Fiscal Year 1996 through Fiscal Year 2000, an increase from $8.34 billion in September 1999. [2] This increase of $37 million reflects adjustments as agencies develop improved cost estimates, conduct last minute retesting, prepare for the rollover period, and replace or patch Commercial off-the-shelf (COTS) products that manufacturers are now finding not to be Y2K compliant.

The progress of the Federal government -- as well as the nation as a whole -- has benefited from the rapid development of automated technology tools that detect and fix Y2K problems, a tribute to the vibrant marketplace in the U.S. information technology industry.

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[1] Except where otherwise noted, summary data refers solely to the 24 agencies.
[2] These estimates include the costs of identifying necessary changes, evaluating the cost effectiveness of making those changes (fix or scrap decisions), making changes, testing systems, and preparing contingencies for failure recovery. They include the costs for fixing mission critical and non-mission critical systems, as well as fixing non-information technology products and systems such as air conditioning and heating. They include outreach activities to non-Federal entities. They do not include the costs of upgrades or replacements that would otherwise occur as part of the normal systems life cycle. They also do not include the Federal share of the costs for State information systems that support Federal programs.

After years of hard work, agencies are poised to successfully complete the transition to the year 2000. Agencies began by assessing their systems and then worked through decisions to replace, repair, or retire them. They have developed business continuity and contingency plans, as insurance in case something doesn't work, and day one plans, to help them manage the Y2K rollover weekend. With only days before the start of the year 2000, the majority of agencies are focusing on testing their systems, on refining and testing their BCCPs and day one plans, and on ensuring the readiness of critical functions, particularly high impact programs.

This report and all previous reports are available on OMB's web site at [**www.whitehouse.gov/OMB**], on the web site of the President's Council on Year 2000 Conversion [**www.y2k.gov**], and on the Federal CIO Council's web site [**www.cio.gov**].[3]

II. LARGE AGENCY READINESS

Over the past year, and especially over the past quarter, agencies have made significant progress. Of 6,175 mission critical systems, 6,167, or 99.9 percent, are compliant. Eight non-compliant mission critical systems remain to be fixed, down from 217 in the previous report. Of these eight systems, four are being replaced, three are being repaired, and one is being retired.

These eight systems are in two agencies: the Department of Defense (6) and the Department of Justice (2). Should these systems not be ready in time, contingency plans are in place to provide work-arounds. Detail on these systems is provided in the summary report for each agency, below.   All other large agencies' mission critical systems are reported as Y2K compliant.

In October 1998, the CIO Council partnered with the National Association of State Information Resource Executives (NASIRE). Among other efforts, the Council and NASIRE worked to ensure that all data exchanges between the Federal agencies and the States were Y2K compliant. Federal agencies report that 283 of 284 data exchanges (99.6 percent) with the States are Y2K compliant. The remaining exchange is in the Department of Transportation in the National Highway Traffic Safety Administration and consists of the data exchange for the National Driver Registration/Problem Driver Pointer System. This exchange is not considered compliant, because three States, Oklahoma, Indiana, and Utah, are still in the process of testing and certifying their data exchange readiness. Overall, no significant disruptions are expected.

Additionally, agencies have provided information on the readiness of all their data exchanges. Nineteen of the 24 agencies have completed work on 100 percent of their data exchanges. Those agencies that have not completed work are the Departments of Justice and Treasury; the Small Business Administration; the Federal Emergency Management Agency, and the Office of Personnel Management. All are scheduled to be complete by the end of December.

Of the 24 agencies, 19 have verified that 100 percent of their telecommunications systems and networks are Y2K compliant. Those agencies that have not completed work are the

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[3] A list of key Federal Year 2000 web sites may be found in Appendix C.

Departments of Health and Human Services, Interior, Justice, and Treasury; and the U.S. Agency for International Development. All are scheduled to be complete by the end of December.

Fourteen agencies have verified that 100 percent of their buildings systems are Y2K compliant. Those agencies that have not completed work are the Departments of Commerce, Education, Health and Human Services, Justice, Housing and Urban Development, Transportation, and Treasury; Veterans Affairs; the U.S. Agency for International Development, and the Small Business Administration. All are scheduled to be complete by the end of December.

In early 1999, OMB identified ten, key Federally supported, State-run programs and encouraged Federal agencies to work closely with the States and territories to assist them as appropriate in their readiness efforts. This challenge proved especially difficult, as the Federal government has not traditionally been involved in State-level management of such programs as Medicaid, Unemployment Insurance, and Food Stamps. Nevertheless, the Departments of Health and Human Services, Labor, and Agriculture have stepped up to the challenge and have worked diligently with the States over the last nine months to ensure that there will be minimal disruptions to such programs at the State level. Only a few States in each of the programs have not finished remediation. Of the 55 States and Territories, lead agencies report that 41 have reached compliance in their ten Federally supported programs. Summary information and a table are included in Section V.

In the spring of 1999, OMB identified 43 high impact Federal programs where a year 2000 disruption could have a direct and immediate impact on the health, safety, or well being of individual citizens. Of the 43 Programs, 30 are ready and tested end-to-end. The lead Federal agency for each program has been working with key partners, such as vendors, contractors, banks, and State and local governments, to ensure that the program will function smoothly from end-to-end. Ten of the unfinished programs are the 10 key programs operated by the States discussed above. The final three programs are having difficulty with the partners responsible for program delivery. Summary information and a table are included in Section IV.

Included in the 30 tested and ready high impact programs is the air traffic control system. The Federal Aviation Administration finished work on the majority of its systems in June 1999, including remediation, testing, and implementation. Since then, the FAA has undertaken additional testing in order to provide added assurance.

Business continuity and contingency plans (BCCPs) are an essential aspect of Y2K readiness. Even if all systems are fixed, tested, and implemented, there is still a possibility that problems will occur, as one would expect in any software fix. Such problems could occur somewhere in the millions of lines of code that were fixed, in overlooked embedded chips, or in commercial products that were thought to be compliant. In addition, failure in the systems of external entities on which an agency relies, such as data partners, service providers, or contractors, could affect an agency's operations. Finally, problems unrelated to Y2K, such as weather disruptions, may also coincide with the transition. Accordingly, agencies have developed business continuity and contingency plans that prioritize the agency's critical

functions, prescribe risk mitigation steps, establish triggers for when the BCCP should be activated, and describe work-arounds to ensure that critical functions will continue to operate.

Agencies submitted their initial BCCPs on June 15. On October 15, they submitted their updated BCCPs along with their day one plans; as appropriate, agencies submitted updates again on November 15 on the basis of testing results and feedback from OMB. OMB and the agencies have continued to refine these plans, and agencies continue to test their day one plans. At this time, agency BCCPs are, for the most part, complete. However, agencies continue to refine and test their day one plans in order to prepare for the year 2000 rollover.

The BCCPs address critical functions, prioritize risks, prescribe risk mitigation steps, establish triggers for activation, and describe work-arounds to ensure that critical functions continue. Centralized agencies tend to have a single, central plan, while decentralized agencies tend to rely on a decentralized model in which agency components rely on their own plans.

Day one plans are the final step in preparing for the year 2000 transition. Agency day one plans describe the schedule of activity the agency will undertake in the days prior to and just after the rollover period in order to make sure that the agency's operations will be able to function. These activities include backing up data, implementing communications plans with the work force, as well as fixing any problems that might occur. The scope of these plans addresses not just systems, but facilities, telecommunications networks, relationships with key partners, and relationships with the agency's constituency. Agencies are aware of and are preparing for increased security risks to their systems and buildings.

Day one plans also include staffing plans, including scheduling of personnel and off-site contact information for key employees. Such plans may provide for staffing to include technical support, building personnel, program offices, public relations, legal counsel, and senior management. Agencies have also identified a duty officer or officers for the weekend, responsible for top decision making and for working with the Information Coordination Center of the President's Council on Year 2000 Conversion.

The scope of these plans addresses not just systems, but facilities, telecommunications networks, relationships with key partners, and relationships with the agency's constituency. However, although the plans address common elements, each agency's plan is scoped appropriately according to its mission. For example, the Nuclear Regulatory Commission has not merely been preparing for its own systems, but will be on emergency standby during the rollover. In the unlikely event that any problems occur in the nuclear power industry, the NRC will be ready to respond to them, as this is one of its core functions. Other agencies have arranged for core staff to be on-site over the weekend, with other staff on-call. Some agencies are taking additional steps such as shutting down operations early on the 30th to provide additional time before the year's end to conduct final data back ups. Some agencies plan to bring down their servers prior to the rollover and bring them up after as an aid to detecting problems, while others plan to leave them running. All agencies expect to continue their business operations as usual on Monday, January 3, 2000.

US Department of Agriculture

The US Department of Agriculture (USDA) has completed work on 100 percent of its mission critical systems, as well as 99 percent of its non-mission critical systems.

Of the two remaining non-mission critical systems, one is in the Food Safety and Inspection Service and is scheduled for completion on December 13. The final system is a Departmental Administration system and has been scheduled for completion on December 17.

The USDA BCCP has a list of seven high impact programs that are mapped directly to priority mission critical systems. These represent the seven most critical programs within the agency. Other core business processes that are essential to the mission and operation of a particular bureau are also broken down. USDA has scored all of its mission critical systems based on the risk and impact of a failure on the agency's ability to continue to do business. This scoring has resulted in prioritizing mission critical systems into four categories. The agency expects to be functioning around the clock over the rollover weekend to handle any emergencies.

The USDA day one plan provides Bureaus guidance on how to prepare for localized disturbances and have established BCCP teams for each mission area and critical function. Bureaus will also have reporting requirements to the overall USDA Command Center. USDA has a schedule that outlines activities that will take place before and during the rollover weekend. Included is a checklist of activities that must take place, along with formal shutdown and resumption procedures.

USDA manages four high impact programs. The first is located within the Food Safety and Inspection Service (FSIS). There are no electronic data exchanges between FSIS and the State programs or other government agencies. The FSIS has sent letters asking for compliance information and copies of BCCPs to all 25 States with inspection programs. Final responses were due in November. In addition, cables were sent to the foreign countries maintaining inspection programs equivalent to FSIS informing them of USDA concerns. FSIS made explicit expectations to inspection officials in countries that export to the United States. Inspection officials are expected to ensure that only products meeting U.S. requirements are certified for export to the United States.

USDA also manages the Food Stamp, Child Nutrition Program, and the Women, Infant and Children (WIC) programs. A state by state compliance indicator is provided in Table 6 for these 3 programs. The Child Nutrition Program has received either a letter of certification or statement of compliance from all states. The Food Stamp and WIC programs have received letters or statements from every state except Guam, Oklahoma, and the Virgin Islands.

All data exchanges were compliant as of September, and telecommunications were compliant as of October. In addition, all USDA-occupied buildings (owned and leased) are 100 percent compliant.

Department of Commerce

All of the Department's mission critical systems are now compliant. The final non-compliant system reported in OMB's August quarterly report, the National Oceanic and Atmospheric Administration's (NOAA) Office of Aeronautical Charting and Cartography Automated Distribution System, was replaced in September. As of this report, 99 percent of the work on non-mission critical systems is now completed. All but three non-mission critical systems are complete. All telecommunications issues are resolved and all Commerce building and related systems are scheduled for completion. Completion is to be certified by December 22. All data exchange issues within the Department have been addressed, and data exchanges are Y2K compliant.

The Department's two high-impact programs, the Patent and Trademark Services and Weather Services, have both completed end-to-end testing with their partners and issued public announcements.

The Department's BCCP establishes Department-wide policies and procedures, builds on individual operating unit BCCPs, and complements the Department's Y2K day one planning strategy. Commerce staged a series of BCCP exercises in July, August, and October designed to help improve the BCCPs. In addition, the Department's operating units have individually scheduled and conducted BCCP testing. BCCPs and the Department's COOP plan are being coordinated via the CIO's office and the Office of Security so that efforts are not duplicated.

Department of Defense

The Department of Defense (DoD) reported it is ready for the year 2000. DoD has completed work on 99 percent of its mission critical systems. Of DoD's 2,106 mission critical systems, only one remains to be repaired, four remain to be replaced, and one is to be terminated (see descriptions below). All nuclear systems are 100 percent complete, and all logistics systems are 100 percent complete. The Department also reports that all 351 logical domains of the Defense Megacenters are now compliant. In addition, the Department reports that 99 percent of its non-mission critical systems are now compliant and that 100 percent of its data exchanges are compliant. DoD also reports that all communications systems are 100 percent compliant and that all 637 DoD installations are 100 percent complete. DoD reports that everything in its inventory of more than 4 million devices containing embedded microprocessors, that is significant and is required to accomplish its mission, has been replaced.

The Department has completed the largest, most complex testing effort in its history, comprising more than 122 end-to-end tests, demonstrating the Department's ability to perform its mission. One such test was the logistics end-to-end test, which was the largest DoD simultaneous test event ever. It involved participants from DLA, DISA, OSD, TRANSCOM, and all of the Services nationwide. The only failure found during that test has already been fixed. This test effort assures that supplies for mission critical items will be available.

DoD's approach to business continuity and contingency planning is to provide centralized policy guidance with DoD components developing appropriate plans based on that

guidance and executing them. The Department's policy guidance defines three general core functions: Warfighting; Organize, Train and Equip; and Support Functions (e.g. logistics and personnel). The guidance also provided components with general planning assumptions for preparing their plans, one set of assumptions for plans for locations in the continental United States, and another for plans for overseas locations. Similarly, DoD's day one plan provides for centralized guidance and de-centralized implementation. Reporting during the rollover period will be both through normal daily DoD reporting of its status and through special reports on Y2K problems. The Department has performed two major activities to prepare its leadership for dealing with Y2K: Chairman of the Joint Chiefs of Staff Contingency Assessments and a series of Table Top Exercises. Both will feed information about any Y2K problems into the Information Coordination Center. The Department is also working closely with FEMA domestically and with the State Department internationally to assure a coordinated Federal response to any significant Y2K problems.

The Department is responsible for two high impact programs, both of which are ready. The Military Hospitals Program has completed all testing and issued a press release on the readiness of the hospitals in September. The Retiree and Annuity Pay Program has also completed all testing, issued a press release in October, and has mailed notices to all retirees and annuitants.

Mission Critical Systems Not Yet Compliant

1. The Abrams M1A2 Tank System, a heavy combat tracked vehicle, has a non-operational software error with the clock set-up page on the commander's display. A software change was shipped on November 2, and estimates are that the change will be loaded in all affected tanks by December 15. This is cosmetic only and does not affect the operation of the tank.

2. The new Retirement Point Accounting Management System has been implemented at all sites except for data migration, which is expected to be complete in December.

3. The old Retirement Points Accounting System – Army National Guard is the current computer system used at the field operating level. It has been replaced by the new Retirement Point Accounting Management System, described above, and will cease operation in December.

4. The Wing Command and Control System was scheduled to be replaced by the Theater Battle Management Core System (TBMCS). However, since TBMCS is no longer scheduled to be fully implemented before January 1, a work-around for this system has been fielded and will be completed in December.

5. The DELF2426 specialized intelligence system is being replaced at two locations, with user acceptance testing to have been completed in December. However, one site will continue operating the old system until the end of the year.

6. The DESM1153 is a specialized intelligence system, which will be retired in December.

Department of Education

All of the Department's mission critical and non-mission critical systems as well as data exchanges and telecommunications are compliant. The Department is responsible for one high impact program, student aid. Work on that program was completed in mid-November.

The Department has made good process on their day one plan and BCCP. Additional detail has been provided in terms of specific individuals that will need to work over that weekend and the Department appears to be testing plans throughout the December.

The Department remains concerned with the preparedness of schools. As of October 1, a significant number of elementary and secondary institutions had not completed Y2K preparations. Further, less that a quarter of post-secondary schools involved in the Department's student financial aid programs have completed data exchange testing with the Federal government. A large number of additional schools are expected to test their data exchanges during December.

Department of Energy

All of the Department's mission critical systems are now compliant. This is an increase from the August report when one system was still being repaired and three systems had yet to be retired. All of the Department's non-mission critical systems are compliant, as well as data exchanges, telecommunications systems, and building systems. The Department's current cost estimate reflects a $1.1 million increase due to better estimates of Independent Validation and Verification (IV&V) and additional end to end testing and BCCP testing.

Because the Department includes independent laboratories, each entity has developed its own BCCP and Day One plan. The Department states that 42 of these are complete. DOE has recently provided to OMB all 42 of the Plans from their sites, including all Program Organization Plans and an update to the DOE BCCP and Day One plan. All Organizations and sites tested their Plans on September 8 and 9 and have revised them based on the results of these tests and OMB and GAO guidance. DOE is continuing to test all Plans and will revise them as necessary. The Office of the CIO has been working with the Office of Emergency management to coordinate the Department's Continuity of Operations Plans with its BCCPs. The Department has developed plans with the electricity, oil, and natural gas industries to receive reports of Year 2000 related events as well as to analyze the potential impacts of any disruptions.

The Department is responsible for one high impact program, federal electric power generation and delivery. The work on this program was completed, and an announcement was made in late September.

Department of Health and Human Services

The Department of Health and Human Services (HHS) has completed work on 100 percent of its mission critical systems, as well as 100 percent of its non-mission critical systems.

The Department has 146,051 external data exchanges. All of HHS' external data exchanges, including State interfaces, are Y2K compliant. As to telecommunications, the Department has inventoried all telecommunications equipment; 6,220 of 6,225 (99.9 percent) of the equipment is Y2K compliant. The 5 remaining pieces of telecommunications equipment are routers located within IHS facilities and are expected to be installed and compliant by December 3, 1999.

All 3,729 HHS owned or managed facilities and related systems have completed remediation activities and are now Y2K ready. HHS also occupies 382 GSA owned and managed facilities, of which 380 have been identified as compliant. The remaining two non-compliant facilities are leased by GSA, and the lessors have not confirmed their facilities' systems compliance in writing to GSA.

The Department has determined that 26,216 of 26,220 (99.98 percent) devices or systems with embedded chips are Y2K compliant. The remaining four systems, at the Indian Health Service (IHS), consist of biomedical equipment. The systems' date function problems consist of display and printing of dates and will not affect the functionality of the devices. New devices have been ordered but have not been delivered. If these devices are not delivered by December 30, they will be taken out of service and other compliant devices will be used until the devices on order are delivered and installed.

HHS has a Department-wide BCCP as well as a BCCP for each Operating Division (OPDIV). Critical functions have been identified across the Department and within each Operating Division (OPDIV). HHS also has a day one plan at the Department level and at the OPDIV level; all are appropriately scoped and sufficiently detailed. The Department has prioritized its critical functions based on its high impact programs. While the Department's day one plan provides a detailed schedule for the entire agency leading up to and through the rollover, each OPDIV is responsible for its own day one activities and for maintaining its own critical business functions. However, HHS will have points of contact at each OPDIV for systems, facilities, and security status.

HHS has conducted extensive outreach to business partners in the Medicare/Medicaid programs and in the pharmaceutical and medical device sectors. Outreach to seafood importers by FDA was underway by the second half of this year, in conjunction with broader efforts to achieve full industry compliance with the Seafood Hazard Analysis Critical Control Points (HACCP) regulation.

The Department will have its own information coordinating center that will collect information about the Y2K status of HHS infrastructure and health care sector sources via internet, e-mail, fax, or voice communications. HHS will also operate an Emergency Operations Center (EOC) that will serve as the primary coordination center for HHS's response to major health emergencies and disasters.

The Department's ten high impact programs are: Child Welfare, Low Income Home Energy Assistance Program, Child Support Enforcement, Medicaid, Medicare, Organ

Transplants, Temporary Assistance for Needy Families, Indian Health Services, Child Care, and Disease monitoring and the ability to issue warnings. Of these high impact programs, HHS reports that three of them (Medicare, Organ transplants, and Disease monitoring and the ability to issue warnings report) have completed end-to-end testing among all key partners and that they have demonstrated their readiness for the year 2000. For the remaining seven high impact programs HHS reports that the States' completion of Y2K systems testing of HHS programs will be completed shortly. With only days to go before the year 2000 arrives, HHS continues to work closely with its State and Territorial partners to ensure readiness. While the HHS side of these programs is ready, HHS has no direct control over programs or systems in the States and Territories. Nevertheless, HHS has contingency plans in place to ensure that no key Federally funded program is disrupted. For additional detail on the HHS high impact programs see Section IV, Readiness of High Impact Programs and Work with the States.

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) has finished work on all of its mission critical and non-mission critical systems. HUD has five high impact programs. Four of the programs, Ginnie Mae, FHA Insurance, Section 8 Rental Assistance, and Community Development Block Grants, have all completed testing and are ready for Y2K.

The final program, Public Housing, relies on more than 3,000 Public and Assisted Housing Authorities (PHAs) to provide program delivery. HUD has conducted four surveys of PHAs to determine their Y2K readiness, most recently in October, but satisfactory results have not yet been received from all PHAs. PHAs are at risk of isolated failures if their buildings systems, particularly heating systems, are not made Y2K compliant or if adequate contingency plans are not in place. HUD has advised all PHAs regarding these risks and the need for contingency planning. New York City and many other large PHAs should be ready with plans in place. HUD is pushing all PHAs toward 100 percent Y2K compliance and to develop contingency plans, but some problems will probably occur. It is unlikely that all PHAs will be completely Y2K compliant by the end of the year. As a result, HUD is concentrating on the highest risk Public Housing Authorities in order to minimize the impact of any failures.

All HUD data exchanges and telecommunications systems are compliant. The Department has offices in 27 buildings, leased by GSA, that are not yet compliant. HUD will pursue and resolve those areas that offer the highest risk mitigation payback.

Department-wide, business functions are prioritized and then translated down to the program areas. The Department's internal systems and functions are adequately planned for. HUD's risk assessment addresses internal systems, commercial products, suppliers, and data exchanges. Despite indications that information has not reached all public housing residents, constituency outreach has been a priority.

The scope of the day one plan is adequate. The plan indicates that a reasonable schedule of activities for checking Y2K failures has been established. Specific business resumption teams are being established for each program area with a mix of personnel to fully address any failures in systems and facilities.

The Department has established its own Millennium Control Center (MCC) to coordinate the rollover transition. The MCC will be responsible for communications with executives, business partners, and the ICC. A well-defined hierarchy of communication with redundancy has been established inside of the Department.

Department of Interior

The Department of Interior has completed work on 100 percent of its mission critical systems, as well as 99 percent of its non-mission critical systems. Of the 674 non-mission critical systems at Interior, 669 have been completed. The remaining five systems have contingency plans in place.

The Department manages one high impact program that is located within the Bureau of Indian Affairs. Program compliance for Tribal Services, Education, Law Enforcement, and Trust Land and Resources Management was publicized in September 1999, and compliance for Economic Development was publicized in October 1999.

The Department of Interior has required each organization or facility to prepare a Continuity of Operations Plan. The scope of the plan is at the discretion of appropriate organizational or facility management. However, among the components required in each plan is the identification of essential activities and functions that must be performed, as well as identification and assessment of potential risks/threats.

The Department's day one activities begin on Tuesday, December 28 and continue through the close of business day on Monday, January 3. The activities will continue longer if necessary. Facilities will be operational the hour before shutdown, just prior to the rollover. Testing will then begin just after the rollover. The plan establishes Command Centers, reporting structures, and protocols for the rollover weekend. Critical personnel have been identified, and specific responsibilities have been defined. Specific communication chains have been established through the day one staff structure.

All data exchanges have been repaired, tested, and verified by all exchange partners. More than 99 percent of the Department's telecommunications systems are compliant. The two remaining systems have been scheduled for completion in December. Interior has completed assessment and remediation of all its owned and managed facilities. Interior has received certification from GSA for all buildings not owned or managed by Interior.

Department of Justice

The Department of Justice has completed work on 215 of 217 of its mission critical systems (99 percent), as well as 291 of 307 of its non-mission critical systems (95 percent). The two remaining unfinished mission critical systems will be completed in December. These systems are Drug Enforcement Agency's office automation project for domestic and foreign offices, and the Tax Division's office automation project. Contingency plans are in place for each system.

The Department will complete work on data exchanges, telecommunications, and buildings in December. The five percent of unfinished non-mission critical systems relate to internal personnel and administrative functions that can be handled manually as necessary. The agency did not report when work would be completed on these systems.

The Department's BCCP appropriately defines critical functions and each component appears to have made considerable progress on their BCCPs and have coordinated their agency COOP plans. However, many of the Department's critical functions are tied to State, local, and international law enforcement/public safety agencies, and there is no comprehensive discussion of the readiness or level of awareness of the Department's data exchange partners in these areas.

The Department submitted copies of day one plans and other information for Justice headquarters' operations, the FBI, Bureau of Prisons, and the Marshals Service. Justice also reported in October that INS's day one plan was 50 percent complete. INS was also resolving overtime payment issues with unions, would maintain spare hardware at three regional sites, and would backup critical data on December 31. In October, the Executive Office of United States Trustees was distributing detailed instructions to all field activities and local offices, which would have watch centers and which would forward status reports to Headquarters. DEA is developing a day one plan and anticipates testing and rehearsals in mid-November and mid-December. The Executive Office of United States Attorneys is also developing a plan.

The Department manages three high impact programs, Federal prisons, the FBI's National Crime Information Center 2000, and Immigration. All three are compliant.

Department of Labor

The Department of Labor has completed work on 100 percent of its mission critical systems, as well as 98.7 percent of its non-mission critical systems. The remaining non-mission critical system is the Salt Lake Technical Center Laboratory Applications System. It is a laboratory system containing embedded chips. This laboratory system is 98 percent remediated, and it will be completed by the end of the year. A contingency plan has been prepared for this last system and can be implemented, if necessary.

The Department of Labor's high impact program is the Unemployment Insurance (UI) program, whose systems are run by 53 State Employment Security Agencies (SESAs), which are responsible for running the Unemployment Insurance Program. These 53 partner agencies consist of the 50 States, Puerto Rico, Virgin Islands, and the District of Columbia. The three components to SESA UI systems consist of Benefits, Taxes, and Wages. For the Benefits and Wages components, the 50 States and Puerto Rico have completed remediation on their systems. For the Tax portion of the UI program, 52 of 53 UI partners had completed remediation and implemented fully compliant systems for the Tax portion of their UI programs. The remaining outstanding partner is the District of Columbia.

Because of the importance of this program, the Department, working closely with the States, has implemented a PC-based contingency system, the Automated Contingency System

(ACS). The ACS is capable of processing initial and continued claims, calculating benefit amounts, generating requests for information required from employers to verify eligibility, and issuing payments to eligible claimants. A total of nine SESAs have requested the use of the ACS to serve as a back-up to their benefit payment systems in the event of unforeseen Y2K problems. The District of Columbia was assigned priority for access to the ACS, and the contingency system has been successfully customized and installed in the District, ensuring that UI payments will continue for some time in the event of additional delays in the Y2K remediation of DC's permanent benefit system.

The Department has 77 Federal-to-Federal, 3,284 Federal-to-State, and eight Federal-to-private data exchanges. All 3,369, or 100 percent, of the data exchanges are Y2K compliant.

As for telecommunications, the Department has requested and received from GSA certification letters from the three FTS vendors -- Sprint, AT&T, and MCI. These letters certifying year 2000 compliance of FTS systems are on file in the office of the Department's CIO. Year 2000-related remediation efforts have been completed for all of the Department's voicemail systems. In addition to all voice communication infrastructure, the Department has completed remediation on all LAN and WAN IT infrastructures including servers, routers, hubs, concentrators, and workstations.

Regarding facilities, all of the Department's 36 mission critical facilities are Year 2000 compliant.

The Department's BCCP identifies critical functions requiring continuity of operation through the rollover. Each critical function specifies primary risks, priorities, mitigation strategies, and contingency triggers. Additionally, each Bureau has identified its own critical functions in its own day one plans, and a Department-wide day one plan prioritizes them.

Day one staffing requirements have been evaluated and leave policies determined. On January 1, 2000, Departmental agencies have scheduled staff rotations to be on-site or "on call" in order to evaluate and test the operational status of critical facilities, systems, and core business operations, for national office and regional locations.

Department of State

One hundred percent of Department of State mission critical systems are compliant and implemented, and over 60 percent have been independently verified. Of the 195 non-mission critical systems, 98 percent are compliant and implemented. The Department has one high impact program, the production and delivery of passports. Implementation and testing of the program was completed in July 1999. One hundred percent of the Department's data exchanges, buildings, and telecommunications systems are compliant. That part of the former USIA that did not become the Broadcasting Board of Governors (see Table 1, pg. 28) was successfully consolidated with State on October 1, 1999, and is also Y2K ready.

The State Department has categorized its business functions into mission critical, critical, and routine. The task of the State Department is that it must not only evaluate its own systems,

but also evaluate the infrastructure of each country containing a diplomatic post. The posts have conducted surveys of the local infrastructure, and State has built a base of this information for use in BCCP planning. State has assessed failure risks for overall business functions, while overseas posts have evaluated their own risk based on location. Management of risks is handled at the post level with support and backup from the Department.

The State Department has developed day one guidance and schedules for posts and domestic facilities. It fully covers internal system failure and reporting requirements as well as building or infrastructure failure at domestic facilities. The posts and domestic facilities are directed to have key personnel on duty to perform outlined rollover procedures. State will pre-position response teams to respond to severe crises in each region.

Communications are an important task for the agency as it will observe and report on the international developments during the rollover period. Very detailed procedure development and testing of post and domestic communications has taken place. A Y2K Task Force and Information Center are set to support these operations and the ICC. A worldwide readiness exercise on September 9, 1999 successfully demonstrated that reporting procedures are ready and effective. The primary communication medium is based on the Department's intranet, and other backup options are available, such as fax, diplomatic telecommunications system, and secure satellite link. Information will be passed to the State Y2K Information Center to monitor agency status. Appropriate information will also be passed to the ICC on a regular basis.

Department of Transportation

The Department reports that 100 percent of its mission critical systems are now Y2K compliant. This represents closure from the previous quarterly report in which five Coast Guard systems had not yet completed remediation work. The Department is wrapping up its testing activities as integration and end-to-end tests are successfully completed. DOT has established stringent change management processes that require careful re-testing of any mission critical system that has been subject to any changes. In addition, all buildings, telecommunications systems, and data exchanges in the Department are compliant.

Each bureau has updated its BCCP to reflect changes necessary as the result of testing the plans. The updated BCCPs also address day one planning as recommended in both GAO and OMB guidance. All BCCPs and day one plans are tested and in place.

The Department is responsible for two high impact programs: Maritime Safety and the Air Traffic Control, which were completed in September and August, respectively. However, given the public safety aspects of both programs, the Department will continue to conduct outreach and testing with its business partners throughout the rollover weekend.

Of 653 non-mission critical systems in its inventory, 588, (90 percent), are currently compliant. The two bureaus with non-compliant non-mission critical systems are the Coast Guard and the Office of the Inspector General.

The Coast Guard reports that of the 194 non-mission critical systems in its inventory, 131 are currently compliant and 30 will be retired prior to the rollover. Of the remaining 33 non-mission critical systems, all but four will be compliant by the end of the year. Should any of the remaining Coast Guard non-mission critical systems fail to complete remediation activities by the rollover, the Coast Guard plans to suspend use of systems and to invoke contingency plans to work around the systems until they become compliant. Furthermore, the Coast Guard is prioritizing the work for its remaining non-mission critical systems so that any failure to complete remediation by the century rollover will have minimal impact on Coast Guard business processes.

The Department's Office of Inspector General (OIG) reports that two of four non-mission critical systems are currently compliant. The remaining two systems are scheduled for remediation by December 31.

Department of Treasury

The Department of Treasury has completed work on all of its mission critical systems, as well as 92 percent of its non-mission critical systems.

Treasury has a total of 935 non-mission critical systems, of which 850 (92 percent) are compliant and have been tested or replaced. All non-mission critical systems are scheduled for completion on December 31.

The Department's summary-level BCCP identifies the major risks, contingencies, and trigger events associated with each core business process.

The Department's day one activities begin on Friday, December 31 and continue at least through the beginning of the business day on Tuesday, January 4. All facilities will be operational at 3:00 PM on December 31. The plan establishes Command Centers, reporting structures, and protocols for the rollover weekend.

Treasury manages one high impact program, Cross-border Inspection Services. The Customs' Office of Public Affairs released the final press release regarding compliance on October 18. Testing interfaces with vendors and brokers that process data through the Automated Broker Interface is ongoing, and dependent on their ability to test with Customs.

Treasury has identified 2,599 total external data exchanges, of which 2545 (98 percent) are compliant. All 61 data exchanges with the States are compliant. The ATF, the Internal Revenue Service, and the Financial Management Service continue to test data exchanges, and all data exchanges are scheduled to be compliant by the end of the year.

Treasury continues to make progress in remediating its telecommunications systems. The Department tracks 1,234 mission critical telecommunication systems of which 1,220 (99 percent) are compliant.

Department of Veterans Affairs

The Department of Veterans Affairs (VA) has completed work on 100 percent of its mission critical systems, as well as 99.3 percent of its non-mission critical systems. All mission critical systems are compliant, including the vendor-supplied portion of the Consolidated Mail Outpatient Pharmacy (CMOP) dispensing systems.

The remaining non-mission critical systems consist of Microsoft based applications containing spreadsheets, word processing, and locally customized reports from VISTA national applications. These local systems are considered non-mission critical as they tend to deal with such tasks as tracking parking lot assignments. The other non-mission critical systems consist of a small percentage of telephone public branch exchanges (PBXs). These will be manually reset on January 1, 2000 to achieve compliance.

The VA manages two high impact programs: Veterans' Benefits and Veterans' Health Care. Both are fully Y2K compliant and have detailed BCCPs in place to ensure services through the date change. The Veterans' Benefits Administration (VBA) will pay January 2000 benefit checks on the morning of December 30, 1999. This is when checks would normally be issued and it will greatly mitigate potential Y2K problems.

The Veterans' Heath Administration (VHA) is focused on providing continuing care of patients. The proper functioning of VHA Medical Centers is another critical area for VA. Medical Centers have completed the entire Y2K remediation process and have BCCPs in place. During the Y2K rollover period, each Director of a Medical Center is the official responsible for coordinating and overseeing all local Y2K issues.

The National Cemetery Administration (NCA) has completed its Y2K remediation and has a BCCP in place for its critical functions. While less affected in real time by the rollover period, the NCA has completed a day one plan as well.

VA has an inventory of 564 external data exchange interfaces. All have been made Y2K compliant. VA's mission critical agency-wide telecommunication infrastructure, including switches, routers, servers, etc., is Y2K compliant.

VHA's inventory of utility systems is 98.5 percent compliant. Several VHA health care facilities have minor non-compliant systems; however all facility systems at VHA have contingency plans in place. The remaining non-compliant facility systems (1.5 percent) include such systems as thermostats connected to HVAC systems and energy efficiency sensors that turn lights off when no one has been in a room for a particular length of time. These remaining systems can be either manually reset or else a work-around is available. All GSA-managed VBA buildings are compliant.

VA's day one plans are focused on the key business areas that each Administration must ensure are operational through the date rollover. VA has a detailed schedule of activity for each piece of the plan. Every structural component of VHA, VBA, and NCA have identified key personnel. VA has identified and coordinated with business partners and service providers essential to the rollover. Contact information, hours of operation, and extent of support has been

documented and will be available during the rollover for all IT, telecommunications, and local utility providers.

U.S. Agency for International Development

All U.S. Agency for International Development (USAID) mission critical systems are compliant. Since the last report, USAID finished repairing the New Management System (NMS) and is now conducting independent verification and validation. NMS is a suite of administrative systems for USAID/Washington that includes accounting, acquisition & assistance, budget, and operations. Of the 24 non-mission critical systems that still will be in use after January 1, 2000, 58 percent are compliant and implemented. All work is scheduled to be completed by the end of December 1999. All USAID data exchanges are compliant. Most buildings are compliant, but generators, recently delivered, still need to be installed at two overseas missions. In the area of telecommunications, ten missions, separated from embassies, were deemed critical to Agency operations and are receiving microwave links or VSATs. Installation will be finished by the end of December.

USAID's BCCP identified critical business functions with a focus placed on payments, obligations, and funds control. Other systems are addressed at the domestic and overseas mission levels and have a lesser priority. In addition, AID is working extensively with the Department of State to determine risks and readiness of host countries.

The day one plan is topically complete for domestic infrastructure and overseas mission systems. The agency presents a domestic and international mission schedule of activities that includes a list of system and infrastructure points to be checked. The appropriate personnel for the Operations Centers have been identified and scheduled. Redundant communications plans have been established between missions and headquarters.

Environmental Protection Agency

The Environmental Protection Agency has completed compliance work on all mission critical systems. The Agency, in cooperation with the Inspector General office, is completing an independent review program to further assure compliance. Of the 1,475 non-mission critical systems, 97 percent are compliant or will be retired in December. All of the Agency's telecommunication systems, buildings, and data exchanges are compliant. In outreach efforts EPA has been meeting with State water officials to address drinking water and wastewater treatment readiness.

The agency has made progress on its BCCP. Critical business functions have been identified and assigned priority. The day one plan addresses business processes across the agency and covers possible failures in internal systems. A complete schedule of activity for system testing is linked to triggers in the BCCP.

Federal Emergency Management Agency

FEMA's 47 mission critical systems have been repaired and independently verified as compliant. In addition, all of FEMA's non-mission critical systems were reported compliant in August.

Of FEMA's 229 data exchanges, 220 are compliant. The remaining nine are in the National Flood Insurance Program's "Write Your Own" system. Seven of these exchanges are with insurance companies that will be made compliant in December, and the other two are with new companies that will not be allowed to write insurance until they are compliant. All telecommunications were tested and certified Y2K compliant. FEMA has surveyed all of its facilities and has had an IV&V team test selected systems/products at FEMA-owned facilities. No systems/products were identified for which a Y2K failure would result in a significant disruption of services.

FEMA's business continuity and contingency plan is structured around FEMA's core business functions and assures that FEMA will be able to perform its mission regardless of the impact of Y2K. FEMA's day one plan provides a general schedule of activity during the rollover weekend, starting with FEMA's activation of its Emergency Support Team and National Help Desk on December 28. FEMA will rely on its normal communications infrastructure in responding to any Y2K problems.

FEMA is responsible for one high impact program, the Federal Disaster Relief Program. That program has been successfully tested with all fifty States and is Year 2000 ready.

General Services Administration

GSA has been very successful in meeting the Year 2000 challenge. GSA's 58 mission critical systems were compliant in March. GSA's 107 non-mission critical systems are also now compliant. Also, GSA's 1,744 data exchanges are now 100 percent compliant. GSA's own buildings and telecommunications systems are compliant. For information on GSA's work to ensure government-wide readiness of telecommunications and buildings, see Section V.

GSA's business continuity and contingency plan (BCCP) is structured around its five core business functions. It establishes contingency plans, triggers, risk mitigation strategies, and milestones. The GSA day one plan is based on the core business risks, mitigation strategies, contingencies, and triggers identified in its BCCP. It specifically describes the activities that GSA will take during the rollover period. GSA ran two simulations to test its day one plan, one in August and one in October, and has refined the plan based on those exercises.

National Aerospace and Space Administration

NASA has completed implementation of its mission critical systems. In October NASA certified that NASA missions, programs, infrastructure, and assets are ready to safely transition to the Year 2000. This certification is demonstrated by the results of extensive testing and formal Y2K certifications on NASA missions and programs. An increase of approximately $10

million in cost reported in this quarter is primarily due to a refinement of estimated costs associated with additional end-to-end testing and BCCP planning across the agency.

Each of NASA's nine field centers, headquarters, and the Jet Propulsion Laboratory completed initial BCCPs in March 1999 and updated them in July and November. Centers will continue to refine these plans throughout the year as better information is available. While plans assume that critical national infrastructure services will be available, the agency will be prepared to accommodate a power outage of up to 48 hours and telecommunications outage of up to 12 hours. NASA's continuity of operations (COOP) activity is being integrated with NASA's Y2K BCCP.

Non-mission critical systems are complete. Telecommunications systems and building and facilities have been certified as complete. There are no known impacts to critical operations or processes due to the remaining work. NASA has completed all work to assure data exchanges with Federal, State, or other entities are compliant. The Agency has an excellent change management process to minimize problems due to system changes after a system has been certified as compliant.

Nuclear Regulatory Commission

The Nuclear Regulatory Commission (NRC) concluded work on all of its mission critical and non-mission critical systems in February 1999. All data exchanges, telecommunications systems, and buildings at the NRC are Y2K compliant.

The NRC has had a business continuity and contingency plan since mid-1998. The current BCCP is up-to-date and provides assurances that the NRC's critical functions will not be affected. These functions are: protecting public safety, licensing/approval of facilities, inspections, investigations, enforcement, and information resources management. The BCCP builds on NRC's normal operations capability, since the NRC normally operates in expectation of the need to respond to nuclear incidents.

The NRC's day one plans are geared towards ensuring the readiness of not only its own systems, but also of the nuclear power industry. A resident inspector will be assigned to each nuclear power plant throughout the rollover weekend. The NRC Emergency Operations Center will be elevated to standby response mode on December 31, and personnel will not stand down until an executive decision on January 1. The four regional offices will be fully operational up as well.

National Science Foundation

The National Science Foundation (NSF) completed work on all of its mission critical and non-mission critical systems in February. Data exchanges, telecommunications networks, and the NSF's single building are compliant. The NSF's business continuity and contingency plan addresses the continued operations of the following critical functions: receipt of proposals, peer review of proposals, arranging funding, and awarding of grants. In the extremely unlikely event that systems do fail, NSF has manual work-arounds in place for all processes. Technical and

building personnel will be on-duty over the rollover weekend to ensure readiness. NSF has recently upgraded its security procedures. NSF's awareness program with the grantee community includes a web site.

Office of Personnel Management

Office of Personnel Management (OPM) is fully prepared for Y2K. OPM's 107 mission critical systems were compliant in March. Of OPM's 226 non-mission critical systems, 218 (or 96 percent) are now compliant. Six of the remaining eight systems will become compliant by mid-December, and the other two will be retired by December as well. Of OPM's 581 data exchanges, 98 percent are now compliant. The remaining nine are awaiting completion of work by OPM's exchange partners. OPM has verified that its internal telecommunications are compliant, and has been assured by Sprint, its long distance carrier under FTS 2000, and GTE, its internet provider, that the systems are fully compliant. All seven of the buildings that OPM directly operates or leases are Y2K ready, and OPM is working with GSA and their Y2K contractors to identify and address Y2K problems in other OPM facilities.

OPM's business continuity and contingency plan (BCCP) is structured around its six identified critical functions. It establishes contingencies for assuring that each critical business function can be performed in the event of Y2K problems. Extensive, detailed plans for the rollover period have been prepared for each of the critical functions identified in the BCCP. This plan is appropriately scoped, addressing all of OPM's critical functions, and has a reasonable schedule of activity planned, beginning on December 30 and lasting throughout the weekend.

OPM is responsible for three high impact programs. The first, Federal Retirement Programs, has been tested end-to-end and was ready as of September 30. The second, Federal Employees Health Benefits Program, was successfully tested end-to-end on September 30 and is ready. The third, Federal Employees Group Life Insurance Program, was successfully tested end-to-end in October and is ready.

Small Business Administration

The Small Business Administration (SBA) concluded work on its mission critical systems in February 1999. SBA has identified 25 unfinished non-mission critical systems. Of these, 13 have been retired. The final 12 are being repaired and are expected to be fixed and implemented by December. These systems consist of local office and single-user databases.

Of 58 data exchanges, all but two are ready. These two are with commercial banks. While these two exchanges are not expected to have any Y2K implications, SBA will continue to work with these entities to complete testing prior to December 31. SBA's telecommunications systems are almost Y2K compliant, as two offices were scheduled for new telephone systems by November 30; the status of these systems has not been verified. Of SBA's 161 buildings, 91 percent are compliant. SBA is awaiting certifications on the remaining buildings and expects to achieve compliance by December.

The SBA's business continuity and contingency plan addresses the agency's core functions, consisting of capital access, government contracting, financial services, management and administration, inspection and oversight, field operations, and disaster assistance. The plan appropriately prioritizes risks and includes mitigation and response strategies for each.

The SBA's day one plan covers the period from December 28 through January 5. A central coordination center has been established, which will monitor the status of a nation-wide network of 70 district offices and more than 30 other field activities from Maine to Guam. Appropriate personnel throughout the agency, at both headquarters and regional levels, have been identified for staffing during the rollover period.

Social Security Administration

Social Security Administration (SSA) has finished remediation on all 308 of its mission critical systems and has made all 1,895 of its non-mission critical systems compliant. SSA has also assured that all 1,954 of its data exchanges are compliant. SSA has also completed work on making both voice and data telecommunications systems compliant. All of SSA's owned and managed buildings are compliant, and SSA has either obtained assurances of compliance from owners of its leased buildings or has determined that there is a work-around in place.

In March of 1998, SSA completed the first version of its BCCP. Since then, SSA has updated that plan quarterly. The BCCP is comprehensive and addresses all of SSA's critical functions and contingencies for managing the Y2K risks to those functions. SSA's day one plan presents a comprehensive and detailed schedule of events with assigned individuals in order to shut down and re-start the agency's systems over the rollover weekend, both at headquarters and in SSA's field offices.

SSA took the lead in assuring that its high impact program, delivery of benefits, was ready. Testing was completed with the Treasury Department and the Federal Reserve System in 1998 and payments being made today are through year 2000 compliant systems. Last December, the President announced that the Social Security and SSI benefit programs were ready.

III.   SMALL AND INDEPENDENT AGENCY READINESS

This report describes the readiness of 48 small and independent agencies. A total of 40 small and independent agencies have finished work on their mission critical systems, an increase from 20 in the previous report. Overall, small and independent agencies have completed work on 96.6 percent of their mission critical systems. Work on non-mission critical systems is 95.5 percent complete, with the remaining 4.5 percent scheduled for compliance in December.

Those agencies that have not finished work on their mission critical systems are: the Corporation for National and Community Service, the Court Services and Offenders' Supervisory Agency for District of Columbia, the Federal Communications Commission, the Federal Elections Commission, International Broadcasting Bureau, National Archives and Records Administration, the Smithsonian Institution, and the U.S. International Trade Commission. While the Neighborhood Reinvestment Corporation has completed work on its

mission critical systems, it has not reported on the status of its non-mission critical systems, data exchanges, building systems, or telecommunications.

All agencies, with the exception of the Neighborhood Reinvestment Corporation, have completed business continuity and contingency plans. However, 11 agencies did not provide OMB with copies of their day one plans. These agencies are: the Architectural and Transportation Barriers Compliance Board, the Committee For Purchase from People Who Are Blind Or Severely Disabled, Corporation for National and Community Service, the Federal Deposit and Insurance Corporation, the Federal Elections Commission, the John F. Kennedy Center for the Performing Arts, the Legal Services Corporation, the National Mediation Board, the National Transportation Safety Board, Neighborhood Reinvestment Corporation, and the Smithsonian Institution.

Additionally, 43 agencies report that all of their data exchanges are Y2K ready, 43 agencies report that their telecommunications systems and networks are Y2K ready, and 34 report that their buildings' systems are Y2K ready. The remaining agencies expect to complete work in these areas in December.

Table 1 -- Readiness Status of Small and Independent Agencies
Costs in Thousands of Dollars

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
African Development Foundation	4	400	The Agency reports 100 percent of mission and non-mission critical systems are compliant. Telecommunications and data exchanges are also compliant. ADF failed to provide the status of the building compliance. The Agency's day one plan indicates that the landlord of the building will staff the Headquarters for the entire weekend and ADF is expecting electricity and phone systems to be fully operational.
Architectural and Transportation Barriers Compliance Board	5	60	The Agency reports 100 percent compliance for all mission and non-mission critical systems. Data exchanges, telecommunications, and buildings are compliant. Agency has not provided a day one plan at the time of this report.
Armed Forces Retirement Home	6	300	AFRH reports 100 percent of its mission critical and non-mission critical systems compliant. Data exchanges, telecommunications, and buildings are compliant. The agency reports that they are reliant on host agencies' core business processes in the event of a process failure. AFRH had not provided a day one plan at the time of this report.
Broadcasting Board of Governors	21	*[4]	The BBG was formerly part of the U. S. Information Agency. Of the agency's 21 mission critical systems, 15 are compliant. The remaining systems are scheduled for compliance by the end of December. Of the agency's 35 non-mission critical systems, 14 are compliant, and 21 will be replaced, retired, or repaired by the end of December. The BBG has no data exchanges. Their buildings and telecommunications are compliant. The BBG's day one plan relies heavily on its experiences with catastrophic events in remote overseas location and is adequate for the agency.
Committee for Purchase from People who are Blind or Severely Disabled	4	380	This Agency reports 100 percent compliance for all mission critical and non-mission critical systems. The Agency has no data exchanges and its buildings and telecommunications equipment are compliant. The day one plan states that the system Administrator and contract staff will be on duty on January 1 to restart and check their systems.

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[4] Agency is continuing to compile this information. Total costs were not available at the time of this report.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Corporation for National and Community Service	33	1,096	The Agency reports 84 percent of its mission critical systems as compliant. The remaining 4 systems are to be replaced, repaired, or retired by the end of December. The agency's data exchanges and telecommunications are compliant. Their buildings are 94 percent compliant and they report no evidence that Y2K issues will impact any systems at any of their other facilities. The agency had not provided a day one plan at the time of this report.
Courts Services and Offender Supervisory Agency for the District of Columbia	4	3,900	The Agency reports that 40 percent of its mission critical systems are compliant. The remaining 60 percent are scheduled to be compliant by December 15. All non-mission critical systems are compliant. Data exchanges, telecommunications, and buildings are compliant. The day one plan states that outreach is not necessary and therefore no work or contingency planning in this area is evident. There is also no description of headquarter interaction with field offices other than infrequent exchange of documents through messengers.
District of Columbia Courts	29	4,000[5]	DC Courts reports 100 percent compliance for its mission critical and non-mission critical systems. Data exchanges, telecommunications, and buildings are all compliant. The Agency day one plan needs a great deal of work before it can serve as a viable day one plan. Points of concern include the lack of data on appropriate personnel, contract support, communication with the workforce, and no information on communicating with the public.
Equal Employment Opportunity Commission	9	6,700	The EEOC reports that 100 percent of its mission critical systems and non-mission critical systems are compliant. Data exchanges and telecommunications are compliant. The EEOC continues to work with GSA to achieve compliance for nine remaining locations, scheduled for compliance by December 1999. The Agency's day one plan adequately addresses the risks, concerns, and contingency plans.
Export/Import Bank of the United States	12	600	All mission critical systems are compliant. Of the Agency's 49 non-mission critical systems, 46 are compliant. The three remaining systems will be compliant by late December. Data exchanges and telecommunications are compliant. Buildings are not certified compliant but they have been tested. The Agency has a comprehensive BCCP and day one plan in place.

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[5] Data was unavailable at the time of report. This is the latest estimate.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Farm Credit Administration	28	1,700	All 28 of FCA's mission critical systems are compliant. Of the agencies' non-mission critical systems, 84 percent are compliant. The six non-compliant systems do not support year-end work and therefore will not cause an operational impact if replaced after December 31st. FCA's buildings, telecommunications, and data exchanges are compliant. The BCCP addresses the critical functions of the operation and appropriately manages risks. The day one plan involves key personnel and addresses the agency's mission.
Federal Communications Commission	29	16,100	The FCC has completed work on 96 percent of its mission critical systems. One remaining non-compliant system needs to be replaced. Another system that the vendor claims is compliant does not appear to be so. Cable Operations Licensing System will replace two current systems which are used in the Cable Services Bureau. The latest target date for the completion of any system is December 15. FCC's data exchanges are compliant. The Agency's telecommunications will be compliant by December 15. The headquarters building is compliant with the exception of one security related computer program that is being replaced in December. The Gettysburg and Laurel facilities are also compliant with the exception of the security system. Nationwide, the FCC is still working with GSA on its buildings' compliance for a number of leased facilities. GSA is still in the process of pursuing written certifications from lessors for some of these buildings. The FCC has BCCPs for both headquarters and local areas. The Agency's day one plan defines the roles and responsibilities of all personnel involved. The plan includes both general roles such as the business resumption teams and the specific roles and responsibilities for staff.
Federal Deposit Insurance Corporation	35	112,486[6]	The FDIC reports 100 percent of their mission critical systems and non-mission critical systems as compliant. Data exchanges, telecommunications and buildings are reported as compliant. Agency had not provided a day one plan as of the date of this report.
Federal Election Commission	17	958	The FEC reports 14 mission critical systems are compliant with the remaining three planned to be compliant by December 1999. Data exchanges, telecommunications, and buildings are compliant. The Agency had not provided a day one plan as of the date of this report.

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[6] This is an increase of $7.786 million since the 10th Quarterly Report.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Federal Energy Regulatory Commission	0	2,000	Of FERC's 110 non-mission critical systems, 97 percent are compliant. The 13 that are not yet compliant are being made compliant through minimal software reprogramming efforts or upgrades from COTS software vendors. Their telecommunications are compliant with the exception of the New York facility that will be compliant on December 10th. Data exchanges and buildings are compliant. Their BCCP is adequate for the agency. FERC had not provided a day one plan as of the time of this report.
Federal Housing Finance Board	5	340	The Board reports 100 percent of their mission critical systems and non-mission critical systems as compliant. The data exchanges, telecommunications, and buildings are all reported as compliant. The Board has hired contractors to assist in the development in their BCCP and day one plan. The day one plan integrates well into the complete BCCP and appropriate personnel are identified throughout the plans.
Federal Labor Relations Authority	9	1,400	All mission critical and non-mission critical systems are compliant. The FLRA does not have any significant data exchanges. The FLRA's telecommunications and buildings are compliant. FLRA plans for business as usual on Monday, January 3rd. The Agency's BCCP and day one plans are in place and key personnel are appropriately involved.
Federal Reserve System	103	109,800	The Federal Reserve System reports 100 percent of their systems -- both mission critical and non-mission critical -- as compliant. Data exchanges, telecommunications, and buildings also are compliant. The BCCP and day one plans for the agency fully address the critical functions of the agency. The Agency has created a Command Center with watch officers for each of the major areas within their purview. Appropriate personnel, including contractor support, have been identified and will be on-site for the duration.
Federal Retirement Thrift Investment Board	0	200	The Board has no mission critical systems and its non-mission critical systems are compliant. Data exchanges, telecommunications and buildings are all compliant as well. The Board will be using the National Finance Center's BCCP since the Center provides Thrift Savings Plan (TSP) record keeping services for the Board. The Board's day one plan includes running a full backup and then checking, testing, and correcting any problems after the rollover occurs on January 1.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Federal Trade Commission	10	2,500	The Commission reports 100 percent of the mission critical systems compliant. Work continues on several non-mission critical systems and they are scheduled to be compliant by December 16, 1999. Data exchanges and telecommunications are compliant. Buildings are scheduled to be compliant December 16. Key senior management from the agency's major program areas have been directly involved in the creation of the day one plan. Four primary scenarios are discussed with well-defined contingency plans for each. The scenarios range from failure of a mission critical system to short term interruption of telephone service.
John F. Kennedy Center for the Performing Arts	3	325	All mission critical systems, non-mission critical systems, buildings, and telecommunications are compliant. The Agency has no data exchanges. The Center will be opening and entertaining guests on both December 31st and January 1st. The day one plan is in place and is adequate for the agency.
Legal Services Corporation	8	600	All systems, both mission critical and non-mission critical, are compliant. Data exchanges, buildings, and telecommunications are also in compliance. The LSC had not provided a day one plan as of the release of this report.
Marine Mammal Commission	2	38	The Commission reports 100 percent compliance for all systems - mission critical and non-mission critical. Data exchanges, telecommunications, and buildings are compliant. The Agency's day one plan states that identified personnel will be on call during the rollover, including the Commission's three top-ranking staff members.
National Archives and Records Administration	22	7,100	NARA reports 22 mission critical systems of which one is still not compliant. The Storage and Retrieval System (STAIRS) is scheduled for compliance by December 15, 1999. NARA identifies 1,100 non-mission critical systems of which 68 percent are reported as compliant; the remaining systems are scheduled for compliance before the end of 1999. NARA has no data exchanges and the telecommunications and buildings are compliant. The day one plan ensures that priorities have been set to assure continuity of functions— both mission and non-mission critical. NARA's plan examines risk and prioritizes the activities. A day one plan is in place.
National Capital Planning Commission	10	381	NCPC reports 100 percent of its mission critical systems and non-mission critical systems are compliant. Data exchanges, telecommunications, and buildings are all compliant. The activities addressed in the day one plan are an integral part of Agency's BCCP. Core members of the Agency will be either on call or on duty throughout the rollover period from December 29th through January 7, 2000.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
National Credit Union Administration	7	31,000	NCUA reports 100 percent compliance for all mission critical and non-mission critical systems. Data exchanges, telecommunications, and buildings are all reported as compliant. The day one plan will examine the nation's credit unions for Y2K readiness and score them with a red, yellow or green rating. NCUA will contact all credit unions to determine their functionality and rating. The BCCP and the day one plans are strongly integrated.
National Gallery of Art	32	165	All mission critical systems are compliant. The Agency's non-mission critical systems consist of a number of PCs that are being replaced. This work will be finished in December. The Gallery is in the final stages of upgrading non-compliant computer software. The Gallery has no data exchanges. The Gallery's telecommunications and buildings systems are compliant. The BCCP includes running a Y2K Coordination Center for much of the rollover weekend. Extensive contact lists have been created and distributed to staff.
National Labor Relations Board	29	14,500	Mission critical systems at NLRB are 100 percent compliant. There are two non-compliant non-mission critical systems outstanding. One will be retired and one will be compliant by December 17. The NLRB's telecommunications are compliant except for one phone system that will be finished on December 3rd. All buildings except four are compliant. They should be finished within the next few weeks. NLRB has completed an analysis of the entries with which they exchange data. The NLRB's BCCP and day one plan are in place and address the missions and areas of NLRB.
National Mediation Board	6	605	All mission critical and non-mission critical systems are in compliance. Data exchanges, telecommunications, and buildings are compliant. The Board will shut down and power down all systems before the New Year. On January 1, customer testing will begin. If failures occur, they will be remediated. Their systems have been completely shut down before so the Board does not expect any major problems.
National Transportation Safety Board	2	0	NTSB reports 100 percent of mission critical systems as compliant and all but two non-mission critical systems are compliant. These last two non-mission critical systems are scheduled for compliance by December 15, 1999. Data exchanges, telecommunications, and buildings are all compliant. The BCCP assesses risks, and describes contingencies, and the day one plan identifies primary contacts.
Neighborhood Reinvestment Corporation	4	100	The Agency reports 100 percent of mission critical systems as compliant. No information was provided on non-mission critical systems, data exchanges, telecommunications, or building status. The agency also had not provided a day one plan by the time this report was compiled.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Overseas Private Investment Corporation	4	3,000	OPIC reports 100 percent of its mission critical systems are compliant. Work continues on the agency's single non-mission critical system, visual basic Insurance Portfolio Management System (IPMS). Data exchanges, telecommunications, and buildings are all reported as compliant. The BCCP and day one plans address the major functions of the agency. Day one team members will be on duty as needed throughout the rollover period to gather and provide information on Y2K conditions for OPIC's Event Management Center.
Office of Administration - Executive Office of the President	71	34,500	The Office of Administration reports 100 percent compliance for its mission critical systems. All non-mission critical systems, the majority of which are small and independent application programs, are scheduled to be compliant by December 31, 1999. Work continues on the data exchanges, which is scheduled for compliance by December 31, 1999. Telecommunications and buildings are reported as compliant. The day one plan establishes an Incident Response Center (IRC) to be staffed by the White House Office of Management and Administration. Responsibilities have been laid out to coordinate internal EOP efforts. Points of contact have been identified that will coordinate response activities within each EOP agency.
Office of the U.S. Trade Representative - Executive Office of the President	5	1,200	The agency reports 100 percent of its mission critical systems and non-mission critical systems as compliant. Data exchanges and telecommunications are compliant. GSA has provided compliance information for one of the Agency's buildings, and has stated it does not intend to provide information about the building located at 1724 F Street. The BCCP and day one plans are in place at the agency. USTR systems will be powered down on December 31st and brought back up with systems located in Geneva, Switzerland on January 1.
Peace Corps	16	12,400	The Peace Corps reports 100 percent compliance for its mission critical systems and non-mission critical systems. Data exchanges, telecommunications, and buildings are compliant. The BCCP includes establishment of a Y2K Operations Center. The overall day one plan includes having a core staff on board to monitor the infrastructure and hardware/software systems for the rollover.
Pension Benefit Guaranty Corporation	13	4,550	All mission critical systems and non-mission critical systems are compliant. Data exchanges, telecommunications, and buildings are also compliant. PBGC has created extensive contingency and continuity plans for each of their critical areas of business. PBGC will be shutting down, backing up and then powering down all of its systems. The systems will be brought up in an orderly manner after the rollover.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
Railroad Retirement Board	123	14,300	The RRB reports 100 percent of systems compliant, both mission critical and non-mission critical. Telecommunications, data exchanges, and buildings are reported as compliant. The RRB provides one BCCP that covers both headquarters and field offices. The day one plan allows the RRB to fully validate its mission critical operations from December 30, 1999 through January 4, 2000. The RRB manages one high impact program, Retired Rail Worker Benefits, that finished testing with all its partners in November and is now compliant.
Securities and Exchange Commission	77	18,600	All mission critical and non-mission critical systems are in compliance. All of the SEC's data exchanges, telecommunications, and buildings are compliant. Trading will continue as normal on December 31st and January 3rd. The BCCP and day one plans are adequate for the Agency.
Selective Service System	7	1,142	The SSS reports 100 percent compliance for all mission critical and non-mission critical systems. There are 60 data exchanges; 28 are compliant on both sides; the 32 remaining exchanges only receive data from the State Divisions of Motor Vehicles. For this, SSS is fixing the data upon receipt. Telecommunications and buildings are reported as compliant. The day one plan and BCCP are in place and adequate for the Agency.
Smithsonian Institution	18	9,917	The Agency reports that all but one mission critical system is compliant. This remaining system, Building Security Systems, is scheduled for compliance by December 31. Data exchanges and telecommunications are compliant. Due to the unfinished Building Security System, the buildings are not scheduled for compliance until late in December. The Agency's BCCP and day one plans addresses the risks identified within the Smithsonian and are adequate for the Agency.
Tennessee Valley Authority	444	39,800	All mission critical and non-mission systems are compliant. Buildings, data exchanges, and telecommunications are compliant. TVA has implemented 95 percent of the planned TVA-wide risk mitigation strategies. The Inspector General has conducted audits of TVA's BCCP. TVA has revalidated critical customers' energy use plans during the rollover period and has validated additional electronic interfaces and equipment configurations.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
U.S. Commodity Futures Trading Commission	2	1,800	The Commission reports 100 percent compliance for all mission critical systems. Work continues on two specialized network services that are non-mission critical systems: mainframe terminal service and imaging data. These final non-mission critical systems are scheduled for compliance by December 17, 1999. Data exchanges and telecommunications are compliant. One building system -- parking control in the Commission's New York office building -- has yet to reach compliance. The management of the building has stated its intention to provide an alternative control process in the event that the system is not successfully re-mediated prior to the end of 1999. Since the CFTC's regulated exchanges (Chicago Board of Trade, New York Mercantile Exchange, etc) are expected to remain open, the CFTC has created redundant data centers to provide additional assurance that the Commission will be operational at all times. Additionally, the Commissions' plans and contingencies focus on staff being able to perform their duties off-site and preserving the data and information flow.
U.S. Consumer Product Safety Commission	31	1,243	CPSC reports 100 percent compliance for all mission critical and non-mission critical systems. CPSC does not have data exchanges. Its buildings and telecommunications are compliant. The Agency day one plan includes conducting a full backup and then shutting down its systems completely. The rollover team will then bring systems back up concluding with an end-to-end testing of line data.
U.S. Holocaust Memorial Council	77	1,600	The Agency reports 100 percent compliance for its mission critical and non-mission critical systems. Data exchanges, telecommunications, and buildings are compliant. The Council's day one plan provides well-defined operating procedures for facilities management, protection services, technical services, and support services.
U.S. Information Agency			See the Broadcasting Board of Governors.
U.S. International Trade Commission	6	1,600	The ITC has one mission critical system yet to be replaced, the Electronic Document Imaging System (EDIS). The EDIS is a paperless storage and retrieval system that supports the ITC's investigative case and docket functions. ITC's data exchanges, telecommunications and buildings are all compliant. ITC's BCCP and day one plan address the missions of the agency and identify the key personnel and their availability.
U.S. Merit Systems Protection Board	1	270	All mission critical and non-mission critical systems are Y2K compliant. Telecommunications and buildings are compliant. The Board has no dedicated data exchanges. The Agency's BCCP and day one plan is adequate and addresses the critical functions of the agency.
U.S. Office of Special Counsel	11	100	All mission critical and non-mission critical systems are compliant. The Agency's data exchanges, telecommunications, and buildings are all compliant. The critical functions of the agency have been identified in their BCCP and day one plan.

Agency	No. Mission Critical Systems	Estimated Total Costs (FY96-FY00)	Overall Status
U.S. Postal Service	137	463,000	USPS reports that 100 percent of its mission critical systems are compliant, and all but one of the non-mission critical systems has been certified as compliant and deployed. The deployment of the one remaining non-mission critical system, the Organizational Management Staffing System (OMSS), will not be completed until 2000. This system supports organizational staff planning and is not essential to U.S. Postal Service core business processes. A workaround for this system has already been implemented by the business owners. Data exchanges, telecommunications, and buildings are compliant. Because of the importance of the Post Office to basic services nationwide, the BCCP addresses basic infrastructure failure scenarios like disruptions of electronic payments from large business mailers, to problems with employees reporting to work due to gas shortages. The day one plan looks at non-system internal component failure scenarios such as the availability of mail transport equipment. Finally, the plan addresses critical business partner failure risks.

IV.   READINESS OF HIGH IMPACT PROGRAMS AND WORK WITH THE STATES

High Impact Programs

On March 26, 1999, OMB issued "Assuring the Readiness of High Impact Federal Programs," (Memorandum 99-12), which requires Federal agencies to take a leadership role and work with their partners to assure that Federal programs will operate smoothly.   Instead of just focusing on the readiness of mission critical systems of the Federal agencies, the focus of this effort has been to work with organizations outside of the Federal government to help them be ready so that key public benefits and services will not be disrupted.

Although the Federal government has little, if any, control over how outside organizations manage their systems, lead Federal agencies were designated by OMB to work with their partners to encourage their readiness. Such partners included vendors, contractors, banks, service providers, and State and local governments. Forty-three "high impact" programs were chosen because of their potential immediate and direct effect on the health, safety, and well being of individuals.

Of the 43 high impact programs, 30 report that end-to-end testing among all key partners is complete and that they have demonstrated their readiness for the year 2000. Of the remaining 13 programs, 12 are still testing with partners, such as States and American Indian Tribes, who are responsible for program delivery. These programs are scheduled to complete testing in December**.** The last program, Public Housing, may encounter difficulties at the local level, as some Public Housing Authorities may not be ready. Additional information on the status of each high impact programs is provided in Section II under the appropriate lead agency.

It is worth noting that some critics have commented that the air traffic control system is not ready, because it hasn't completed all its testing. This is not true. The Federal Aviation Administration finished work on its systems in July 1999, including remediation, testing, and implementation. Since then, the FAA has undertaken additional testing in order to provide added assurance. Wherever possible, the FAA has undergone integrated testing of its systems. Overall, the public/private partnership that worked to ensure the readiness of air traffic is an outstanding success. This partnership consisted of the Department of Transportation, the nation's airlines, the National Weather Service, and the Department of Defense in ensuring the readiness of air traffic.

Table 2 -- Summary of High Impact Programs, Partners, and Testing Dates
All dates refer to 1999 unless otherwise noted.

Lead Agency	Program	Key Partners Identified	Date Testing to be complete
DOC	Weather Service	FAA, DoD, NOAA, Canadian Meteorological Center, WSI Corporation, PRC Corporation, United Airlines, Northwest Airlines	Completed
DOC	Patent and Trademark Processing	Foreign Intellectual Property Offices, Patent and Trademark Depository Libraries, Commercial Information Providers, Reed Technology and Information Services Inc., Government Printing Office, DOI - US Geological Survey, USDA - National Finance Center, Treasury - Financial Management Service	Completed
DoD	Military Hospitals	Military Treatment Facilities, managed care support contractors, key pharmaceutical and medical suppliers, Defense Manpower Data Center	Completed
DoD	Retiree and Annuity Pay	Military Services, Federal Reserve Bank, SSA, IRS, other DoD agencies	Completed
DOI	Bureau of Indian Affairs	Indian Tribes, Department of Education, Department of Justice, Agricultural and Range Land Management, Mineral Resources Management, other natural resources programs, Environmental and Cultural Resources Management, Real State Services, MMS, Treasury, OTFM	Completed
DOJ	Immigration	State and local law enforcement, State Department	Completed
DOJ	Federal Prisons	State and local corrections officials	Completed
DOJ	NCIC 2000	68 External Interface Checkout users	Completed
DOL	Unemploy-ment Insurance	State Employment Security Agencies, Trust Fund, FMS, state banks	December[7]
DOT	Maritime Safety	42 Captains of the Port	Completed
DOT	Air Traffic Control System	National Weather Service, airlines, support contractors, DoD	Completed
Education	Student Aid	National Student Loan Data System, Central Processing System, Direct Loan Origination System, Pell Grant System	Completed
Energy (DOE)	Federal electric power generation and delivery	Army Corps of Engineers, Bureau of Reclamation, Tennessee Valley Authority and industry	Completed
FEMA	Disaster relief	Emergency Service Providers	Completed
HHS	Child Welfare	State and social service authorities	December[8]

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[7] DOL has completed testing with its external partners. The date refers to the latest information regarding the States= completion of Y2K systems testing. State BCCP testing will continue through end of the year.

Lead Agency	Program	Key Partners Identified	Date Testing to be complete
HHS	Low Income Home Energy Assistance Program	State agencies and local energy providers	December[8]
HHS	Child Support Enforcement	State agencies, tribes	December[8]
HHS	Medicaid	States	December[8]
HHS	Medicare	Medicare Contractors	Completed
HHS	Organ transplants	United Network for Organ Sharing, organ procurement organizations, transplant centers, histocompatibility laboratories	Completed
HHS	Temporary Assistance for Needy Families	State agencies, financial institutions, tribes	December[8]
HHS	Indian Health Services	American Indian Tribes, Alaska Native Organizations, Urban Indian Health Programs, Tribal Organizations	December
HHS	Child Care	State agencies, tribes, local child care providers	December[8]
HHS	Disease monitoring and the ability to issue warnings	State public health agencies, state and territorial public health laboratories, FDA, USDA	Completed
HUD	Community Development Block Grants	Treasury, Prospective Grantees, Grant Recipients	Completed
HUD	Public Housing	Treasury, Public Housing Authorities	January 2000
HUD	GNMA (Housing loans)	Issuers, Treasury, Chase Manhattan Bank	Completed
HUD	FHA Insurance	Treasury, Lenders, Borrowers, Financial Agents	Completed
HUD	Section 8 Rental Assistance	SSA, Lock Box (Mellon Bank), Owners/Agents, Housing Authorities, Treasury	Completed
OPM	Federal Retirement Programs	Treasury - Financial Management Service, Federal Reserve Board, USPS, Telecommunication Partners, National Association of Retired Federal Employees	Completed
OPM	Federal Employees= Group Life Insurance	Metropolitan Life Insurance Company	Completed

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[8] The date refers to the latest information regarding the States= completion of Y2K systems testing of HHS programs.

Lead Agency	Program	Key Partners Identified	Date Testing to be complete
OPM	Federal Employees Health Benefits	The 285 participating Federal Employees Health Benefits Program Carriers	Completed
RRB	Retired Rail Worker Benefits	SSA, Treasury, Health Care Financing Administration	Completed
SSA	Social Security Benefits	Treasury - Financial Management Service, Treasury, Federal Reserve, USPS	Completed
State	Passport Applications and Processing	Mellon Bank, USPS, Government Printing Office, outside vendors, FedEx	Completed
Treasury	Cross-border Inspection Services	Other Government agencies, states, other governments, the Trade Community, banks and other commercial organizations	Completed
USDA	Food Stamps	All states and territories with Automated Data Processing (ADP) Systems	December[9]
USDA	Special Supplemental Nutrition Program for Women, Infants, and Children	All states and territories with Automated Data Processing (ADP) Systems	December[9]
USDA	Food Safety Inspection	States, FDA	December
USDA	Child Nutrition Programs	All states and territories with Automated Data Processing (ADP) Systems	December[9]
USPS	Mail Service	Postage meter manufacturers, Citibank, commercial banks, Federal Reserve	Completed
VA	Veterans= Benefits	Treasury - Financial Management Service	Completed
VA	Veterans' Health Care	VistA, Treasury, DoD	Completed

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[9]The date refers to the latest information regarding the States= completion of Y2K systems testing of USDA programs.

Readiness of Ten, Key Federally Funded, State-Run Programs

OMB has asked Federal agencies to work closely with the States and territories to ensure that programs managed and run by these entities, but funded at the Federal level, will continue to function smoothly through the year 2000. Of particular importance are ten key programs,[10] which are a subset of the High Impact list due to their importance to public health, safety, and well-being. Table 3 provides additional information on these programs. These programs are:

- Food Stamps.
- Child Nutrition Programs.
- Women and Infants with Children (WIC).
- Medicaid/MMIS (Medicaid Management Information System) & Medicaid/IEVS (Income Eligibility and Verification System).
- Temporary Aid for Needy Families (TANF).
- Child Support Enforcement.
- Low Income Housing Energy Assistance Program (LIHEAP).
- Child Care.
- Child Welfare.
- Unemployment Insurance.

The three Federal agencies responsible for these ten programs, USDA, HHS, and DOL, provided information on the status of these programs, based on submissions from the States and Territories, which is summarized in Table 6. Dates in this table refer to the date when each State or Territories= systems supporting the program will be Y2K compliant. Compliant here indicates the date when the State or Territory has determined when its systems will be able to provide services, whether directly or indirectly, to beneficiaries. In some cases, estimated dates have passed, but confirmation of completion has not yet been received from the Federal agencies.

Of the 55 States and Territories, lead agencies report that 41 have reached compliance in their ten Federally supported programs. Certain programs may be compliant with a majority of the States, but because some States and Territories have not yet been determined to be compliant, the overall program is not yet considered ready. The following States and Territories are most behind on their work and have three or more programs not yet compliant: Alabama, American Samoa, Guam, and Virgin Islands.

With only days to go before the year 2000 arrives, the responsible Federal agency continues to work closely with its State and Territorial partners to ensure readiness. While the Federal side is ready, Federal agencies have no direct control over programs or systems in the States and Territories. Nevertheless, the Federal agencies have contingency plans in place to ensure that no key Federally funded program is disrupted.

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[10]   See Appendix B for program descriptions.

Table 3 -- Readiness by State for Ten, Key, Federally Supported, State-Run Programs

NOTE:
C indicates that testing has been completed and the Federal agency reports the program is Y2K compliant.
CNL indicates that testing has been completed and USDA reports the program is Y2K compliant but a certification letter has not been received.
NA indicates that the State reported that the data requested were not applicable to them; often because the program is delivered through a manual process.
NI indicates that no compliance date information was reported by the Agency.
NP indicates that no program exists for the State or Territory.

State or Territory	USDA[11]			HHS[12,13]								DOL[14, 15]
	Food Stamps	Child Nutrition Programs	WIC	Medicaid		TANF	Child Support Enforcement	LIHEAP	Child Care	Child Welfare		Unemployment Insurance
				MMIS	IES							
Alabama	CNL	C	C	C	C	Dec	Dec	NA	Dec	C		C
Alaska	C	CNL	C	C	C	C	C	C	C	C		C
American Samoa	C	C	C	Dec	Dec	NP	NP	NA	Dec	C		NP
Arizona	C	C	C	C	C	C	C	C	C	C		C
Arkansas	CNL	C	C	C	C	C	C	C	C	C		C
California	C	CNL	C	C	C	C	Dec	C	C	C		C

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[11] Data current as of 12/09/99.

[12] Data current as of 12/08//99.

[13] HHS reports that "compliant" means that the State has implemented Y2K remediation, renovation, testing and implementation but has not necessarily completed IV&V.

[14] Data current as of 11/15/99.

[15] DOL reports that "compliant" means that the State UI office has implemented any necessary Y2K fixes but has not necessarily completed IV&V.

| State or Territory | USDA[11] | | | HHS[12,13] | | | | | | | | DOL[14, 15] |
| | Food Stamps | Child Nutrition Programs | WIC | Medicaid | | TANF | Child Support Enforcement | LIHEAP | Child Care | Child Welfare | | Unemployment Insurance |
				MMIS	IES							
Colorado	CNL	CNL	C	C	C	C	C	C	C	C		C
Connecticut	C	C	C	C	C	C	C	C	C	Dec		C
Delaware	C	C	C	C	C	C	C	C	C	C		C
District of Columbia	CNL	C	C	C	C	C	C	C	C	C		Dec
Florida	C	C	C	C	C	C	C	C	C	C		C
Georgia	C	C	C	C	C	C	C	C	Dec	C		C
Guam	Dec	CNL	Dec	Dec	Dec	Dec	Dec	NP	Dec	Dec		NP
Hawaii	C	CNL	C	C	C	C	C	C	C	C		C
Idaho	C	C	C	C	C	C	C	C	C	C		C
Illinois	CNL	C	CNL	C	C	C	Dec	C	C	C		C
Indiana	C	C	C	C	C	C	C	NA	NA	C		C
Iowa	CNL	CNL	C	C	C	C	C	C	C	C		C
Kansas	C	C	C	C	C	C	C	C	C	C		C
Kentucky	C	C	C	C	C	C	C	C	Dec	C		C
Louisiana	C	C	C	C	C	C	C	C	C	C		C
Maine	C	C	C	C	C	C	C	NA	C	C		C
Maryland	C	C	C	C	C	C	C	C	C	C		C
Massachusetts	C	C	C	C	C	C	C	C	C	C		C
Michigan	C	C	C	C	C	C	C	C	C	C		C

State or Territory	USDA[11]			HHS[12,13]								DOL[14, 15]
	Food Stamps	Child Nutrition Programs	WIC	Medicaid		TANF	Child Support Enforcement	LIHEAP	Child Care	Child Welfare		Unemployment Insurance
				MMIS	IES							
Minnesota	CNL	C	C	C	C	C	C	C	NI	Dec		C
Mississippi	C	C	C	C	C	C	C	C	C	C		C
Missouri	CNL	C	C	C	C	C	C	C	C	C		C
Montana	CNL	CNL	C	C	C	C	C	C	C	C		C
Nebraska	CNL	CNL	C	C	C	C	C	C	C	C		C
Nevada	C	CNL	C	C	C	C	C	C	C	C		C
New Hampshire	C	C	C	C	C	C	C	C	C	C		C
New Jersey	C	CNL	C	C	C	C	C	C	C	C		C
New Mexico	C	C	C	C	C	C	C	C	C	C		C
New York	C	C	C	C	C	C	C	C	C	C		C
North Carolina	C	C	C	C	C	C	C	C	C	C		C
North Dakota	C	CNL	C	C	C	C	Dec	C	C	C		C
Ohio	CNL	C	C	C	C	C	C	C	C	C		C
Oklahoma	Dec	C	Dec	C	C	C	C	C	C	C		C
Oregon	C	C	C	C	C	C	C	C	C	C		C
Pennsylvania	C	C	C	C	C	C	C	C	C	C		C
Puerto Rico	C	C	C	Dec	C	C	C	C	C	C		C
Rhode Island	C	C	C	C	C	C	C	C	C	C		C
South Carolina	C	C	C	C	C	C	C	C	C	C		C

State or Territory	USDA[11]			HHS[12,13]								DOL[14, 15]
	Food Stamps	Child Nutrition Programs	WIC	Medicaid		TANF	Child Support Enforcement	LIHEAP	Child Care	Child Welfare		Unemployment Insurance
				MMIS	IES							
South Dakota	C	C	C	C	C	C	C	C	C	C		C
Tennessee	C	C	C	C	C	C	C	NA	C	C		C
Texas	C	CNL	C	C	C	C	C	C	C	C		C
Utah	CNL	CNL	C	C	C	C	C	C	C	C		C
Vermont	C	C	C	C	C	C	C	C	C	C		C
Virgin Islands	C	C	C	Dec	Dec	Dec	Dec	NA	Dec	C		C
Virginia	C	C	CNL	C	C	C	C	C	C	C		C
Washington	C	C	C	C	C	C	C	C	C	C		C
West Virginia	C	C	C	C	C	C	C	C	C	C		C
Wisconsin	C	C	C	C	C	C	C	C	C	C		C
Wyoming	CNL	CNL	C	C	C	C	C	C	C	C		C

Data Exchanges

The Federal and State government Chief Information Officers (CIOs) have enjoyed an effective working relationship on the Year 2000 issue since the first joint Federal/State CIO Summit on October 28, 1997. Since then, issues between the two governmental entities have been raised, discussed, and resolved through regular telephone conversations and meetings centered around the National Association of State Information Resource Executives (NASIRE) conferences.

A good example of their shared accomplishments has been in ensuring that Federal/State data exchanges are compliant. A total of 284 exchanges were identified between Federal agencies and the States. As of this report, 283 exchanges (99 percent) are now Y2K compliant.[16]

The remaining exchange is in the Department of Transportation in the National Highway Traffic Safety Administration and consists of the data exchange for the National Driver Registration/Problem Driver Pointer System. This exchange is not considered compliant, because three States, Oklahoma, Indiana, and Utah, are still in the process of testing and certifying their data exchange readiness. However, the exchange is ready on the Federal side. In the event that these exchanges are not fixed in time, the Department of Transportation has prepared contingency plans suggesting that the States extend their resident requirements by 30 or 60 days or until the States' systems are Y2K compliant. Another option is for the three States to contact the former State of resident of new residents to verify their driving record to ensure that problem drivers are not granted driver's licenses in the new State of residence.

During the NASIRE conference in October of 1999, the Federal CIO Council Chairman, the incoming NASIRE President, and their respective Executive Committee representatives met. The group agreed to continue their constructive partnership in order to address other issues. Additionally, the National Governors Association has indicated an interest in being a part of this partnership.

District of Columbia

A total of 222 of 233 mission-critical applications are now compliant (i.e., remediated, tested and production-ready.) The remaining 11 systems which involve 3 agencies: the Department of Employment Services (DOES); the DC Public Benefit Corporation (DC General Hospital), and the Department of Consumer and Regulatory Affairs (DCRA); are scheduled for completion of testing and return to production by December 17, 1999. The District remains confident that although late by information technology standards, all of these remaining applications, including the DOES Unemployment Insurance Benefits System which was successfully migrated to a Y2K production environment on December 13, 1999, will be completed in December.

The District's embedded processors or chips, non-IT assets, include equipment as varied as traffic control signals, utility meters, copiers, metal detectors and defibrillators. Over 63,000 assets have been inventoried. A total of 25,000 have been designated as mission-critical and

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[16] Note that a single data exchange may connect an agency to the 50 States and territories, but that the data exchange is not considered compliant until all points of contact are fixed.

requiring replacement. Of this number, all have been ordered, and only 30 assets remain to be installed. All installations will be completed by December 20, 1999.

Additionally the District inventoried over 15,000 personal computers. Approximately 75 percent were identified as compliant. A total of 3,806 computers were identified by the District as mission-critical and therefore required replacement. Installation began with the delivery of the first computers on November 30, 1999, and is expected to be completed by December 20, 1999.

Finally, contingency planning was undertaken for each of the District's most vital services in public safety, health care, human services and government administration. Y2K contingency plans have been developed for all core business functions (74 have been identified). To date, testing has been completed for 64 of the core business plans, with the remaining scheduled for completion of testing no later than December 17, 1999.

The District of Columbia has received a total of $128.77 million in Federal funds to repair or replace non-compliant, information technology and other assets and to prepare and test contingency plans.

V. OTHER GOVERNMENT WIDE PROGRESS

Telecommunications Systems

The GSA Federal Technology Service (FTS) manages contracts under which telecommunications equipment and services are acquired for other government agencies. GSA also owns equipment that provides local telecommunication services to Federal agencies at consolidated locations throughout the United States. Finally, GSA acquires telecommunications services and resells those services to other agencies. All GSA-owned and managed equipment and services has been certified as Y2K compliant. No Y2K-related problems are expected for any telecommunications systems or networks used by Federal agencies.

Specifically, all GSA Consolidated Systems that provide local telecommunications services (including hardware, licensed proprietary software, and features such as voice mail) to Federal agencies nationwide have been renovated and are fully Y2K compliant. GSA has worked with local exchange carriers and reports that all will be compliant before the end of the year. Additionally, telecommunications services provided by the FTS2000 and FTS2001 contracts with Sprint, AT&T and MCI Worldcom are Y2K compliant. Services and equipment including wireless services, wire and cable services, electronic commerce, internet access, and technical and management support have been certified as Y2K compliant.

In the unlikely event that any Y2K-related problems occur, GSA has developed and tested contingency plans and has established a Communications Center to monitor the operations of telecommunications services over the Y2K rollover period.

Buildings Systems

GSA, through its Public Buildings Service and as chair of the Year 2000 Buildings Subcommittee of the CIO Council's Year 2000 Committee, has spearheaded the effort to find and correct problems in buildings across government. Many products or systems in buildings,

such as those that control or interact with security systems, elevators, or heating and air conditioning systems, contain embedded chips. These chips could include a date function that helps run the system -- for example, to time maintenance procedures or to regulate temperature. If this date function is not Y2K compliant, then the product or system may not work.

GSA has responsibility for more than 8,300 government-owned and leased locations, which house more than 100 federal agencies. GSA has reported that 98 percent of the buildings it owns and manages are Y2K compliant, and that their lessors have certified 85 percent of the 6,500 buildings it leases as Y2K ready. GSA is aggressively pursuing certifications from the owners of these remaining buildings and expects that virtually all leased buildings will be certified as Y2K compliant before the end of the year. GSA has also identified certain buildings, whether owned or leased, as high risk; of these, 98 percent are Y2K ready. Moreover, while it is highly unlikely that any problems would occur, any such problems can be manually addressed and will not pose any meaningful risk to building occupants or to agency operations.

Biomedical Equipment

The vast majority of medical devices and scientific laboratory equipment are not affected by the Year 2000 problem, because they do not use or depend on computers or embedded microprocessors. Moreover, most devices that are computerized are not dependent on any date-related function. For the small number of devices that are vulnerable to a year 2000 problem, most do not depend on date-related information for any of their critical functions. This means that record keeping or date display functions may not work properly, but these date-related issues will present no risk to patients. Only a very small percentage of medical devices could encounter a real problem that poses a risk to patients.

The Food and Drug Administration has been working closely with manufacturers, requesting them to identify their devices with a date-related function and to certify whether or not they are compliant. If the device is not Y2K compliant, and could pose a risk to patients, the FDA also expects manufacturers to take appropriate action to notify and provide users with solutions. The FDA is also requiring manufacturers to notify the FDA emergency operations center of any problems with any devices, regardless of whether they are caused by Y2K.

Although the FDA has a high level of confidence in the information provided by manufacturer in regard to the Y2K status of computers and medical devices, the agency decided to conduct an independent evaluation of manufacturer efforts. The FDA released a study on November 9, 1999, entitled, "Report on the Evaluation of Manufacturers' Activities to Assess the Year 2000 Compliance Status of Their Medical devices." This study has helped to confirm both the utility and the reliability of information on whether specific medical devices are Y2K compliant. This study used information that manufacturers provided to the FDA's Medical Devices Clearinghouse and information on manufacturers' own web sites. In addition, the study examined a randomly selected sample of 80 manufacturers of the 90 types of computer controlled, potentially high-risk devices. Based on this study, and the existing regulatory controls, the FDA is confident that manufacturers have taken appropriate steps, to carefully evaluate their computerized medical devices for Y2K vulnerabilities. In addition, the FDA has surveyed the manufacturers of essential medical supplies regarding their preparations to assure a continued supply of essential supplies and verified that manufacturers are taking the necessary steps to prevent interruptions in production and ensure continued availability of their products.

Finally, the General Services Administration has issued a policy that prohibits Federal agencies from giving away hazardous, non-compliant medical devices or information technology equipment. This policy was published in the Federal Register on October 27, 1999.

Other Information Sharing Initiatives

For a list of Federal web sites containing Year 2000 information, see Appendix C. Additionally, the U.S. Federal Government Gateway for Year 2000 Information Directories web site [**http://www.itpolicy.gsa.gov**, then click on the Year 2000 icon] has assisted Federal agencies and others in addressing the Y2K problem and is routinely updated and enhanced to provide timely information. It provides links to various organizations' Y2K readiness disclosures and compliance statements that are being published in response to the Y2K Information and Readiness Disclosure Act. The Gateway also contains links to other important Year 2000 sites, including the President's Council on Y2K Conversion, the CIO Council Information Directory on Y2K, an International Directory containing links to other countries' sites, and an ongoing international virtual conference on Y2K. After the Year 2000 data change, information about lessons learned as a result of the Y2K challenge will be included on the web site. GSA will maintain the web site until July 14, 2002.

Validation and Verification Efforts

Validation involves multiple phases of testing, including a combination of testing of individual components (unit testing), testing of entire systems (integration or systems testing), and in some cases, testing of a string of interdependent systems, including those outside of an organization (end-to-end testing). Agencies do not deem a system to be compliant until it has been thoroughly tested and fully deployed. Additionally, agencies have used independent validation and verification (IV&V) testing to provide a double check that their own test results are sound.

While agencies have already implemented the vast majority, if not all of their systems, many agencies are taking advantage of new testing tools to retest their systems in order to provide an even higher degree of assurance that such systems are Y2K compliant. In addition, agencies are continuing to work with the manufacturers of commercial, off-the-shelf (COTS) products regarding the Y2K readiness of COTS products. In many instances, manufacturers are have developed last-minute improved Y2K patches or other fixes.

Agencies have also instituted change management policies to ensure that no unnecessary changes to systems take place before the end of the year. Such policies ensure that no new complications are introduced into Y2K compliant systems. If any changes are made, agencies test and retest systems to ensure that they are still Y2K compliant. Additionally, many agencies have now instituted a moratorium on changes prior to the end of the year.

International Efforts

The Department of State estimates that there are over 40,000 U.S. civilian government employees located overseas. While the bulk of these are employees of the State Department, Peace Corps, or the U.S. Agency for International Development, a number of other agencies have some overseas presence as well. These agencies are a diverse group and include the Departments of Commerce, Defense, Treasury, Agriculture, and Justice; the Social Security

Administration; and the Library of Congress.   Furthermore, at anyone time there are a large number of American citizens who live or travel abroad and need to be aware of potential risks related to Y2K.

Other significant efforts have focused on minimizing the potential negative effect of Y2K overseas and informing the public of the possible dangers. The Departments of State and Defense co-chair the forum for information sharing concerning international Y2K issues at a policy level, the International Interagency Working Group (IIWG). IIWG members have been involved in a number of international initiatives to mitigate the potential effects of Y2K on aviation safety, ports, nuclear power plants, small and medium sized businesses, and the operational readiness of US military forces abroad. The IIWG focuses on ensuring that broad U.S. interests, including international economic and political stability are not threatened.

The State Department issued a general Y2K notice in July to warn citizens about possible failures that could be encountered when abroad. In September, the Department released over 190 consular information sheets on country readiness. In October, four countries were designated for authorized voluntary departure of embassy and consulate staff (Russia, Belarus, Moldova and Ukraine). Finally, the Department and the IIWG continue to gather information on host country infrastructure, internal post operations, and the risks and problems affecting American interests during the rollover period.

In addition, The U.S. Department of Transportation continues to review and evaluate information about the Y2K readiness of foreign air traffic service providers, foreign airports, and foreign air carriers flying into and out of the United States. USAID has encouraged the formation of the Global Y2K Consortium as a means to coordinate the participation of Private Voluntary Organizations and foundations that are distributing Y2K toolkits for countries.

In its most recent report, the President's Council on Year 2000 Conversion found that some nations, particularly those that are less developed, face a real possibility of failure or disruption in their telecommunications and utility infrastructures. Similarly, posts, embassies, and government offices are subject to uncertainties in the provision of utility services such as electricity and water.

Costs and Funding

Agencies now estimate they will spend $8.38 billion fixing the problem from Fiscal Year 1996 through Fiscal Year 2000. This includes expenditures in FY 1996 - 1998 of $3.50 billion and estimates of an additional $4.88 billion through FY 2000 (See Appendix A, Table 3A.). Funding in FY 2000 will support completion of final contingency plans, agency Y2K project office operations, and other agency activities to monitor and manage the transition into 2000. In total, costs have increased by $37 million (0.4 percent) from the September-reported estimate of $8.34 billion. To the extent that agencies encounter additional requirements in FY 2000, these estimates may continue to rise.

For the most part, individual increases can be attributed to:

$ Refinement of business continuity and contingency plans.

$ Improved assessments of the costs associated with managing and monitoring the

transition into 2000.

Some estimates have decreased, as agencies are continuing to review the cost of Y2K-related activities performed in FY 1999.

In order to address unanticipated costs associated with Y2K, the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 105-277) included contingent emergency funding for Y2K computer conversion activities: $2.25 billion for non-defense activities and $1.1 billion for defense-related activities. P.L. 105-277 makes the Director of the Office of Management and Budget responsible for allocating non-defense funding and makes the Secretary of Defense responsible for allocating defense-related funds. (See Appendix A, Table 4 for detail on contingent emergency funding allocated to date.)

In order to determine how best to allocate all available non-defense funding for Y2K -- both base appropriations and emergency funding -- OMB has worked with agencies to evaluate Y2K requirements. First, OMB made certain that agencies received funding for activities that were requested in the President's Fiscal Year 1999 Budget but that Congress directed be funded from the Y2K contingent emergency reserve. These activities totaled approximately $590 million. Additionally, OMB has approved the release of approximately $1.433 billion ($1.381 billion in FY 1999 and $52 million in FY 2000) in emergency funding for unforeseen requirements that can not be accommodated within agencies= appropriated levels. In total, $246 million remains available for non-defense agencies to address emerging requirements. (This total includes $19 million that has been returned to the fund by various agencies).

All of the $1.1 billion allocated for the Department of Defense=s unanticipated requirements has been released. The Department of Defense has indicated that, within available levels, resources will remain available to address emerging requirements.

Additional transfers from the contingent emergency reserve may be necessary for Y2K-related expenditures. OMB has notified agencies that, as they identify unforeseen funding requirements, they should continue to forward these requirements to OMB for evaluation. OMB appreciates Congress' action to provide additional flexibility to use funds for BCCP implementation, if necessary, and will work with agencies and Congress to address any resource requirements that may arise through the transition into the year 2000.

Appendix A
Table 1 -- Status of Mission Critical Systems

	Total Number	Number Compliant	Percent Compliant	Number Being Replaced	Number Still Being Repaired	Number Being Retired
Agriculture	343	343	100.0%	0	0	0
Commerce	473	473	100.0%	0	0	0
Defense	2106	2100	99.7%	4	1	1
Education	14	14	100.0%	0	0	0
Energy	420	420	100.0%	0	0	0
HHS	283	283	100.0%	0	0	0
HUD	57	57	100.0%	0	0	0
Interior	90	90	100.0%	0	0	0
Justice	217	215	99.1%	0	2	0
Labor	61	61	100.0%	0	0	0
State	59	59	100.0%	0	0	0
Transportation	609	609	100.0%	0	0	0
Treasury	323	323	100.0%	0	0	0
VA	318	318	100.0%	0	0	0
AID	7	7	100.0%	0	0	0
EPA	53	53	100.0%	0	0	0
FEMA	47	47	100.0%	0	0	0
GSA	58	58	100.0%	0	0	0
NASA	156	156	100.0%	0	0	0
NRC	7	7	100.0%	0	0	0
NSF	17	17	100.0%	0	0	0
OPM	107	107	100.0%	0	0	0
SBA	42	42	100.0%	0	0	0
SSA	308	308	100.0%	0	0	0
TOTAL	6175	6167	99.9%	4	3	1

	1996	1997	1998	1999	2000	TOTAL
Agriculture[18]	2.5	15.1	63.6	92.7	9.8	183.7
Commerce	2.6	12.4	35.6	67.5	6.6	124.7
Defense	23	388.0	1199.4	1903.2	82.8	3596.4
Education	0.1	1.4	19.6	18.6	4.3	44.0
Energy	1.0	19.9	83.9	111.0	19.9	235.7
HHS	7.2	32.2	190.9	371.8	204.4	806.5
HUD	0.7	6.9	20.8	28.7	20.9	78.0
Interior	0.2	2.8	10.6	135.1	5.8	154.5
Justice	1.6	7.5	33.6	123.7	2.0	168.4
Labor	1.7	4.9	13.2	30.3	10.3	60.4
State	0.5	49.3	63.1	86.7	6.8	206.4
Transportation[19]	0.4	11.2	121.9	220.5	20.7	374.7
Treasury[20]	8.4	200.2	592.7	651.3	292.9	1745.5
VA	3.3	22.0	63.7	108.4	34.0	231.4
AID	1.1	3.0	21.8	20.0	3.2	49.1
EPA	0.8	5.3	11.5	22.3	1.0	40.9
FEMA	3.8	4.4	3.0	13.1	3.0	27.3
GSA	0.2	0.8	8.7	81.2	14.7	105.6
NASA	0.1	6.2	33.8	23.9	3.5	67.5
NRC	0.0	2.4	4.0	1.9	0.1	8.4
NSF	0.0	0.1	0.6	0.4	0.0	1.1
OPM	1.7	2.1	9.2	3.6	0.3	16.9
SBA	1.7	3.3	2.7	6.8	0.5	15.0
SSA	2.2	13.3	13.9	7.1	3.0	39.5
TOTAL	64.8	814.7	2621.8	4129.8	750.5	8381.6

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[17] These estimates do not include the Federal share of costs for State information systems that support Federal programs. For example, the Agriculture total does not include the potential 50 percent in Federal matching funds provided to States for Food and Consumer Services to correct their Y2K problems.

[18] September Quarterly report showed a 5-year estimate of $186.9 million for the Department of Agriculture. Correct 5-year estimate as of September was $179.3 million. Current estimate represents a $4.4 million increase from the September report.

[19] This estimate does not include $71.9 million in non -Y2K costs for HOST computer replacement, of which $52 million was provided from the Information Technology Systems and Related Expenses account, the Y2K emergency fund.

[20] This estimate does not include $91.7 million in non-Y2K costs funded from the Information Technology Systems and Related Expenses account.

Appendix A
Table 3A -- Y2K Contingent Emergency Funding in FY 1999 and FY2000 [21]
(budget authority, in thousands of dollars)

Large Agencies	Y2K Contingent Emergency Funding
Agriculture	57,103
Commerce[22]	61,568
Defense	1,100,000
Education	5,298
Energy[23]	37,490
HHS	323,858
HUD	14,580
Interior	127,039
Justice	93,998
Labor[24]	24,336
State	79,744
Transportation	198,960
Treasury[25]	650,957
USAID	11,410
EPA	3,695
FEMA	14,661
GSA	92,603
SBA	4,840
OPM	2,428
Other	
Legislative and Judicial Branch	29,917
District of Columbia	105,264
DC Courts	2,553
Court Services & Offender Supervision - DC	848
Subtotal	**3,043,168**

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[21] For agencies that appear in Appendix A, Table 3a and 3b, emergency funding is included within cost estimates (except where emergency funding has been directed for non-Y2K costs, as specified in footnotes 19 and 20). For other agencies, funding would address costs beyond those specified in Table 3.

[22] Includes $3.648 million that was allocated to the Department of Commerce but was returned to the emergency fund.

[23] Includes $13.65 million that was allocated to the Department of Energy but was returned to the emergency fund.

[24] Includes $1.311 million that was allocated to the Department of Labor but was returned to the emergency fund.

[25] Includes $0.529 that was allocated to the Department of Treasury but not transferred.

Appendix A
Table 3B -- Y2K Contingent Emergency Funding in FY 1999 and FY2000
(budget authority, in thousands of dollars)

Small Agencies	Y2K Contingent Emergency Funding
Access Board	60
African Development Foundation	137
Commodity Futures Trading Commission	356
Com. for Purchase	65
Consumer Products Safety Commission	75
Corp for National and Community Service	800
EXOP/Office of Administration	29,791
EXOP/USTR	498
Export Import Bank	400
FCC	8,516
Federal Labor Relations Authority	243
Federal Maritime Commission	516
FTC	2,599
International Trade Commission	300
Marine Mammal Commission	38
Merit Systems Protection Board	141
NARA	6,662
National Capital Planning Commission	381
National Labor Relations Board	348
Office of Special Counsel	100
OPIC	2,100
Peace Corps	1,554
RRB	398
SEC	8,175
Selective Service System	250
Smithsonian	4,700
National Gallery of Art	165
US Holocaust Memorial Council	900
USIA	9,562
SubTotal	**79,830**

Appendix B -- Descriptions of Ten Key, Federally Supported, State-run Programs

Food Stamps

The Food Stamp Program provides low-income households with coupons or with electronic benefits transfer (EBT) cards to ensure that they have access to food. The critical automated systems that are involved in the transfer of Federal funds to States and include systems that enable the States to issue coupons or EBT cards, monitor eligibility, track EBT expenditures, and process data for reporting purposes. USDA administers the Food Stamp Program through the Food and Nutrition Service (FNS), which distributes funds to the States. State agencies administer the program at State and local levels, including determination of eligibility and allotments.

Child Nutrition Programs

Child Nutrition Programs include the National School Lunch Program, the School Breakfast Program, the Special Milk Program, the Child and Adult Care Food Program, the Summer Food Service Program, and the Nutrition Education and Training program. These programs are administered by the Food and Nutrition Service at the USDA. These programs assist State and local governments in providing healthful, nutritious meals to children in public and non-profit private schools, child care institutions, adult day care centers, and summer recreational programs.

Special Supplemental Nutrition Program for Women, Infants, and Children

Popularly known as WIC, this program provides supplemental food, health care referrals, and nutrition counseling, for low-income pregnant, breast-feeding, and non-breast-feeding postpartum women, and to infants and children who are found to be at nutritional risk. More than 7 million people receive WIC benefits each month. The U.S. Department of Agriculture, through the Food and Nutrition Service (FNS), administers Federal grants to States. In turn, most State WIC programs provide vouchers that participants use at authorized food stores; 46,000 merchants nationwide accept WIC vouchers. Often, local organizations cooperate in providing the food and health care benefits. Federal systems support electronic benefits transfer of grants. State systems track expenditures and reconcile available funds.

Medicaid

Title XIX of the Social Security Act is a Federal-State matching entitlement program that pays for medical assistance for certain vulnerable and needy individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a jointly funded cooperative venture between the Federal and State governments ("State" used herein

includes the Territories and the District of Columbia) to assist States furnishing medical assistance to eligible needy persons. Medicaid is the largest source of funding for medical and health-related services for America's poorest people. In 1997, it provided health care assistance to more than 34 million persons, at a cost of $168 billion dollars. Within broad national guidelines established by Federal statutes, regulations and policies, each State: (1) establishes its own eligibility standards; (2) determines the type, amount, duration, and scope of services; (3) sets the rate of payment for services; and (4) administers its own program.

States use primarily two classes of systems for administering the Medicaid program. The first system is the Integrated Eligibility System (IES) which is used to determine whether an individual applying for Medicaid meets the eligibility criteria for participation. The second system is the Medicaid Management Information System (MMIS) which is used in claims processing and payment delivery for services rendered.

Temporary Assistance for Needy Families (TANF)

On August 22, 1996, President Clinton signed into law "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996," a comprehensive bipartisan welfare reform plan that dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance. The Temporary Assistance for Needy Families (TANF) program replaces the former Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills Training (JOBS) programs, ending the Federal entitlement to assistance. In TANF, States and territories operate programs, and tribes have the option to run their own programs. States, territories, and tribes each receive a block grant allocation with a requirement on states to maintain an historical level of state spending known as maintenance of effort. The total Federal block grant is $16.8 billion each year until Fiscal Year (FY) 2002. The block grant covers benefits, administrative expenses, and services. States, territories, and tribes determine eligibility and benefit levels and services provided to needy families.

Child Support Enforcement Program

The goal of the Child Support Enforcement (CSE) Program, established in 1975 under Title IV-D of the Social Security Act, ensures that children are financially supported by both their parents. The CSE Program recognizes the importance to children of access to their noncustodial parent and includes grants to help States establish programs that support and facilitate noncustodial parents' visitation with and access to their children. The CSE program is usually run by State and local human services departments, often with the help of prosecuting attorneys, other law enforcement agencies, and officials of family or domestic relations courts. The Child Support Enforcement Program provides four major services: locating noncustodial parents, establishing paternity, establishing child support obligations, and enforcing child support orders.

Low Income Home Energy Assistance Program

LIHEAP is a Federal block grant program that assists eligible low-income households in meeting their home energy needs. The Federal Government does not provide energy assistance benefits directly to individuals. Energy assistance is provided through LIHEAP grants made to the 50 States and the District of Columbia, Indian tribes and tribal organizations, and insular areas. LIHEAP funds can be used for the following types of energy assistance: heating assistance, cooling assistance, energy crisis intervention, and low-cost residential weatherization and other energy-related home repairs.

Child Care Program

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL. 104-93) combined existing child care programs with different target populations into one block grant program with a single set of eligibility criteria and requirements. In 1999, the Child Care and Development Fund (CCDF) made available $3.2 billion to States and Tribes. Tribes received approximately $63 million for FY 1999. These funds support activities, authorized under the Child Care and Development Block Grant Act of 1990, to improve the quality of child care and to provide financial assistance to low-income families seeking child care so they can work or attend training or education programs.

Child Welfare Program

With an annual budget of over $4 billion, the Children's Bureau works with State and local agencies to develop programs to assist America's children and their families. The Children's Bureau administers nine state grant programs and six discretionary grant programs. State Grant Programs include grants for foster care, adoption assistance, independent living for older foster children, family preservation and support services, child welfare services, prevention of medical neglect/disabled infants, and programs designed to improve the investigation and prosecution of child abuse and neglect cases.

Unemployment Insurance (UI) [26]

The Unemployment Insurance program is a Federal-State partnership that serves approximately 10 million unemployed workers annually. Direct program operations are the responsibility of 53 State Employment Security Agencies (SESAs), which determine claimant eligibility, issue payments, and provide assistance to workers and employers in accordance with the laws passed by the 50 States, Puerto Rico, the Virgin Islands, and the District of Columbia. The Department of Labor oversees the administration of the program nationwide. Automated systems in the SESAs process benefits and taxes, maintain wage histories, and interface with many other automated systems.

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[26] DOL and the SESAs have successfully met the unemployment insurance (UI) system=s first major Year 2000 challenge.

Appendix C -- Key Federal Web Sites on the Year 2000

Site	URL	Select
President=s Council on Year 2000 Conversion	http://www.y2k.gov	Version
Federal CIO Council	http://cio.gov	Documents
Year 2000 Information Directory	http://www.itpolicy.gsa.gov	Year 2000 Directories
FDA--Biomedical Devices and Laboratory Equipment	http://www.fda.gov/cdrh/yr2000/year2000.html	
Small Business Administration	http://www.sba.gov	Y2K
Year 2000 Compliant COTS Products	http://y2k.policyworks.gov	
GSA Telecommunications Information	http://y2k.fts.gsa.gov	
Year 2000 Status Vendor Product Database	http://globe.lmi.org/lmi_pbs/y2kproducts	Continue
Government wide Consumer Information	http://www.consumer.gov	Year 2000 Issues